



# BESPOKE<sub>n</sub> FINANCE

## MMG Commercial Is Born! ... or a tale of The Three Must Get'eres

The 1st of May saw the launch of **MMG Commercial** - a very exciting new complement to MMG's Bespoke Finance proposition, enabled partly by our recent purchase of and subsequent relocation to, new operations headquarters in Cheadle, Cheshire.

However, the major factor enabling this new strategy, is that two senior commercial finance industry professionals, with over 35 years' joint experience, have joined MMG from one of the UK's largest banking groups!

Alongside Managing Director, Stewart Williams, Directors Tim Bamber and Darren Willoughby will spearhead **MMG Commercial**. This new operation will facilitate business finance services for the Group's existing and new clients. "As MMG provides client solutions on a 'whole of market' basis, so too will **MMG Commercial** source products from the very best available and most definitely not, from a small pool of the usual suspects, as others do." Asserts Stewart Williams.

**MMG Commercial** is a member of the National Association of Commercial Finance Brokers.



This is a self-regulatory body with strict codes of practice to

which members must demonstrably adhere.

"Establishing MMG Commercial was a logical extension to MMG's client offering." Stewart said. "Given too, the very special relationship which we proudly enjoy, with a wide spectrum of professional advisers and their referred clients, the potential to develop those relationships further, by providing bespoke commercial solutions, is for me a box ticked in the business plan." He added.

MMG had already been delivering expertise in the following areas:

- Commercial property funding – new and existing for owner occupier/investment pension funds.
- Development finance – residential/commercial/mixed use.
- Portfolio management.

This proposition will now be expanded to include these additional areas:

- Invoice finance and asset based lending.
- Trading businesses.
- Management Buy Outs and Buy Ins.
- Business and banking advisory services.
- Finance for professionals.

Stewart warmly invites you to make early contact with **Tim on 07710 663095** and **Darren on 07736 359413**. He urged: "These two will be writing serious levels of quality business. Make sure they're looking after your best interests."

Oh, if you're curious about the heading, since the launch these three Directors; Darren, Stewart and Tim [pictured] seem to have been competing for the title of "earliest to arrive at the office" – Ed.



# Welcome!

“Information is useless, unless you turn it to your advantage” - SJW

Welcome to the sixth and summer edition of “**BE**out**SPOKE**n on**FINANCE**”, MMG’s quarterly newsletter.

The mortgage market’s still an exciting place to make money through investment in property. Especially if you know what you’re doing and have the right experts striving to support your aspirations with innovative financing techniques.

Our team of experienced specialists constantly monitor the latest industry trends. Their aim is to enhance your experience, by identifying opportunities, which we believe can enable this to be achieved. We call this ‘Bespoke Finance’.

These pages will give a flavour of the highlights, insights and even some anecdotes, from probably the most vibrant contributor to the UK’s economy.

So why not take five, grab a coffee and read on. It could be the most profitable thing you do today!



Stewart J Williams,  
Managing Director.

# SPOTLIGHT

## BTL - The Theory of Evolution

**After a decade, the ever-evolving buy-to-let (BTL) market continues to attract people in their droves.**

The growth is driven by factors like; rises in immigration, increases in interest rates, the increasing age of first time buyers, shifting working patterns and rising house prices. The flexibility of renting is perceived as a practical reality, as opposed to the old dream of ownership. Endorsed by research showing tenants staying put longer. A recent *Mintel* survey found the BTL market in rude health, with predictions of future year-on-year growth for the foreseeable future.

Increases in Bank Rate over the past year, have not cascaded down fully into rents, which are only just reflecting the first 0.25% hike of the cycle. Many would-be buyers and indeed movers, tend to “shelter” in rented accommodation until the cycle stabilizes, so demand:supply ratio increases, enabling the cost of supply to do likewise. Most landlords choose to gear as high as possible on their portfolio, to facilitate further purchases - their *raison d’être*.

Lenders in the past and those still wallowing there used a formula to determine affordability of a property. Typically, that rental income should be at least equal to 125% of the monthly, proposed mortgage payment, on an interest only basis using a notional pay rate (usually) higher than that applicable on the chosen product. Realism has prevailed, coupled with the emergence of new entrants carving out a niche market with innovative risk attitudes. For example building societies, experiencing diminishing profits in the cutthroat mainstream residential mortgage world, have turned their gaze upon the BTL market, having discovered it to be comparably “exciting”

and not the scary no-go arena they once regarded it.

In fact various solutions, to tackle the problem of maximum gearing whilst rents play catch-up, are available in our arsenal:

- 100% of rental equals the proposed mortgage (product) pay rate – so in other words rent = mortgage payment = fine!
- Non-status rental calculation is based on a client’s credit score and the amount they are depositing/equity value, as opposed to a formulaic approach.
- Top slicing [not as painful as it sounds] means adding personal income into the serviceability calculation to give an overall position.

These innovative lenders are still pushing back their boundaries and the cited solutions are available to at least 85% loan to value ratio (LTV). One lender will even lend up to 90% LTV without any rental calculation!!

We are confident, that as long as lenders continue to evolve and keep pushing the innovation button, investors will continue to be attracted to this lucrative market.



# What's HOT, where's HOT and what's NOT

## Amnesty Bill Horror - bring it on home

Out to grab £billions in unpaid tax and duties which it's owed, HMRC have introduced the Offshore Disclosure Facility. Having recently obtained information about holders of offshore accounts from a number of banks and through the European Savings Directive, HMRC are actively targeting those who hold, or have held an offshore account(s), either directly or indirectly and the owners of overseas rented properties, where HMRC has experienced non-receipt of UK tax and/or duty.

For a limited period, the forgetful and the evasive, can step forward and, by making full disclosure of undeclared liabilities, possibly negotiate a discount. Those ignoring the "opportunity" may do so at their peril.

**Remember - this applies to rents on overseas-owned properties.**

## Better Wed Than Bled?

A recent Law Lords test case ruled that co-habiting, unmarried couples must now split property assets; each partner according to their contribution and not 50:50 as with married couples. Couples entering into a co-habitation agreement, might prudently obviate a courtroom fight, in the event of separation.

## To Be Forewarned

MMG has learnt that, to comply with EU legislation, from October 2008 buy-to-let investors will have to provide an Energy Performance Certificate (EPC), at a cost of currently £200, for each property and each will require renewal every three years. "Members of landlord representative bodies will doubtless in time be made aware of this requirement." Points out Stewart Williams. "But a great many investors are not members of a body and will, I am sure, welcome having this prior warning from MMG". He added.



## A Problem of Success

Prices of the best central London properties have risen by over 33 per cent in the past year, with Belgravia and Knightsbridge experiencing over 40 per cent growth. Treble the rate seen in the wider UK market.

Houses are out-pacing flats, in terms of price performance, reflecting the structural deficit of family accommodation. A national problem yes, but affecting London more than any other UK region.

Central London owners may breathe a sigh of relief - MMG can confirm that the ODPM will not be resurrected and charged with remedying the "problem" – by demolishing their large houses and replacing them with rows of back-to-back terraces.

## Interest Rate Commentary

In May, the Bank of England MPC increased the UK base rate by 25bps to 5.50% - a six years high. This expected rise, was prompted by the CPI (Consumer Price Index) peaking above the magic 3% level. At the time of writing, CPI has been announced at 2.8%. A disappointing aspect of this is that it will delay the sequel to last month's comical letter to the Chancellor from Mervyn King. Surely a letter would not have been sufficient this time, had inflation still been unacceptably high? Headmaster Brown may have insisted on young Mervyn writing 1000 times 'I will control inflation' - in his best handwriting, made him wear a dunce's cap for a day, or stand in the corner of his office with his hands on his head.

If the "medicine" continues to work, the mooted further 25bps increase, may for the foreseeable future, not be required.

Fellow inflation watchers, the European Central Bank (ECB) held at 3.75% when they met in Dublin in May. The smart money is still on a 25bps rise in June.

The U.S. Federal Reserve left rates at 5.25% in May, but made it clear that inflation remains a very real concern. This rate has been sustained since August 2006 and all expectations are that this will continue until the third quarter of 2007.

For the UK in the short term, a neutral stance is sought - although the MPC had previously indicated that rates were perceived as "near neutral" - in this market short-term products and flexibility are the key to the most effective arrangements, as they offer the most beneficial terms and value, unless security over a longer term is of paramount importance.

Our view is re-affirmed that the latest increase in UK bank base rate was a short-term control, rather than the start of a new phase of rising interest rates.

# Can we be of service?

## Making Money Go...further

### Auction Purchase & Refinance

Our client wanted to refinance his existing loan and purchase another property quickly. The existing lender was unable to act in time, but the client needed an agreement in order to give him the comfort to bid at auction. We gave an immediate "in principle" decision and obtained the necessary professional valuation within three days, giving our client the necessary comfort to allow him to make a sufficient bid to purchase the property. The existing loan was refinanced and we took the two properties as security, allowing us to provide our client with additional funds to complete some refurbishments.

### Buying Land Only

Our client had secured outline residential planning permission for a site he already owned and wanted to purchase an adjacent residential property to secure the site's access points. We were able to provide sufficient funds to allow him to purchase the property and also provided an additional amount to allow him to start the initial development work.

### Repaying Director's Loans

Our client wanted to repay his Director's Loans before his company's financial year-end and needed to complete within five days. An offer letter was delivered within 24 hours and, following completion of a valuation, the funds were made available with a day to spare. This facility was secured by way of a second legal mortgage over his residential property.

### Buying Development Land

Our client wanted to purchase a property, enhance the existing outline planning permission and sell it on. A six months facility was agreed and funds were provided to assist with the purchase and initial development work. The client secured detailed planning permission and sold the property for a profit.

### Working Capital

Our client had received a large order from a blue chip company with which they had been trying to do business for a long time. The order needed to be completed quickly and they needed to source additional products. Our client's bank said they were unable to help in the time frame - despite having a first charge over a quality residential property! We were able to provide the finance in the time frame needed to honour the contract, secured by a second charge on the property. As you would expect, the client has since re-banked.

### Buy-To-Let Property Investor

Our client is a highly regarded investor, who often needs to act within hours to secure certain properties. To assist the client in growing his business/portfolio we have provided a "global" facility to allow him to purchase properties quickly, without the need to agree individual loans.

## Teetotallers Skip This Item!

Stewart was recently dragged, kicking and screaming, to a wine tasting evening [that man really suffers – Ed] in Manchester. Being so im-pressed [grape joke] by the MC vintner, he felt it rude not to share the find with a wider audience. Alas, although riveting, Charlie's submission for print was too long and has been pruned...

"Here are a few examples of wines that I can warmly recommend for a pink summer!

**Domaine D'Astros**, pale pink from Provence with a hint of dryness (£5.74 a bottle).

**Montarels Syrah Rosé** (£6.99 per bottle) from the Languedoc region. A gutsy 13.5% mouthful of alcoholic fruitiness.

An interesting drop from Argentina is the **Rosé Weirnet** made in Mendoza. This is slightly sweeter and darker in colour than most and at £9.99 a bottle it's a must!

The **Pinot Grigio Blush** is very much in vogue this year and is light in alcohol too. A great bottle at £5.89.

**Domaine Ott Chateau de Selles and Chateau Romassan Bandol** (£24.99 per bottle) are the most famous and sought after from the Cote D'Azur. Beautifully balanced fruit and acidity give this wine the great reputation that it deserves.

**Claretto Rosé** (£6.25 per bottle). This Rosé is made from 100% Merlot grapes and has a lovely blush light colour, with a deep fruity nose. A great refreshing summer party drink.

**Sancerre Rosé Domaine Raimbault** (£11.35 per bottle). An outstanding, drier wine from the Loire. There's a massive demand for this wonderful Rosé, a real rarity, producing a delicate dry wine with delicious aromas."

"To experiment, you can mix a case any way you wish to give each one a try and, as recipients of MMG's newsletter, by quoting reference code: **Manwood 1751** when ordering at [www.manwoodwines.co.uk](http://www.manwoodwines.co.uk) - you will receive a 7.5% discount off your first order."

"So what's holding you back!!!!!!?" Charlie (hic) Womersley.

## Services at a glance

Tailoring our services to ensure the best possible fit for you.

- Mortgages, Remortgages and Buy-to-let Finance
- Lending to Trusts or to Trustees on Behalf of Trusts
- Lending to Limited Companies or other SPV's
- Restructuring Borrowings Secured on Estates
- Portfolio Management Services
- Executive Advisory Services
- Cross Collateral Charging
- Commercial Lending
- Development Finance
- Finance for Pension Funds (SSAS/SIPP)
- Overseas Advisory Services
- Lending Against Investments/Deposit Monies
- Equity Release & Lifetime Mortgage Arrangements

Please note that not all of these products or services may or may not be regulated by the Financial Services Authority (FSA)

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