

BTL Forum

BM Solutions

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FOR THE USE OF MORTGAGE INTERMEDIARIES AND OTHER PROFESSIONALS ONLY

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Regulation or Intervention?

- Accidental Landlords
- Credit worthiness
- New permissions
- Initial confusion?

- Extra 3% surcharge
- Huge rush to beat the deadline
- Landlords seeing as an annoyance

- Announced July 2015
- Starts to impact customers 2017
- Lenders need to consider tax increases in rental calculations

- Minimum RCR
- Minimum Stress rates
- LTV no differential
- Portfolio landlords

Mortgage Credit Directive



What was all the fuss about?

- Implemented without issue?
- Creditworthiness a good thing?
- Not all lenders lending to CBTL
- Some lenders put emphasis on broker
- Do you have permissions?
- Do you understand the rules?

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Stamp Duty



The 2nd Nail?

- 3% Surcharge
- Huge Rush Q1 2016
- Affects LTB
- Some “part time” landlords put off?
- Serious landlords taken on?
- Affect on future business?
- Purchase vs. Remortgage split?

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BTL Tax Change

- The fundamental calculation has changed
- Maximum tax relief limited to 20%
- Some landlords will see an increase in tax liability
- Lenders have to consider new tax rules in calculation

Pre change tax calculation	(£10,000 rent - £9,000 mortgage interest) = £1,000 X 20% for basic rate taxpayer/40% higher/45% additional	Post change tax calculation	(£10,000 rent X 20%/40%/45%) LESS (£9,000 mortgage interest X 20%) = £1,800
Tax payable (basic rate tax band)	£200	Tax payable (basic rate tax band)	£200
Tax payable (higher rate tax band)	£400	Tax payable (higher rate tax band)	£2,200
Tax payable (additional rate tax band)	£450	Tax payable (additional rate tax band)	£2,700

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BTL Tax Change

Basic rate tax payers unaffected

- Remaining basic rate still 20% relief
- Higher and additional rate will see increased tax bills
- Lower geared portfolio's?

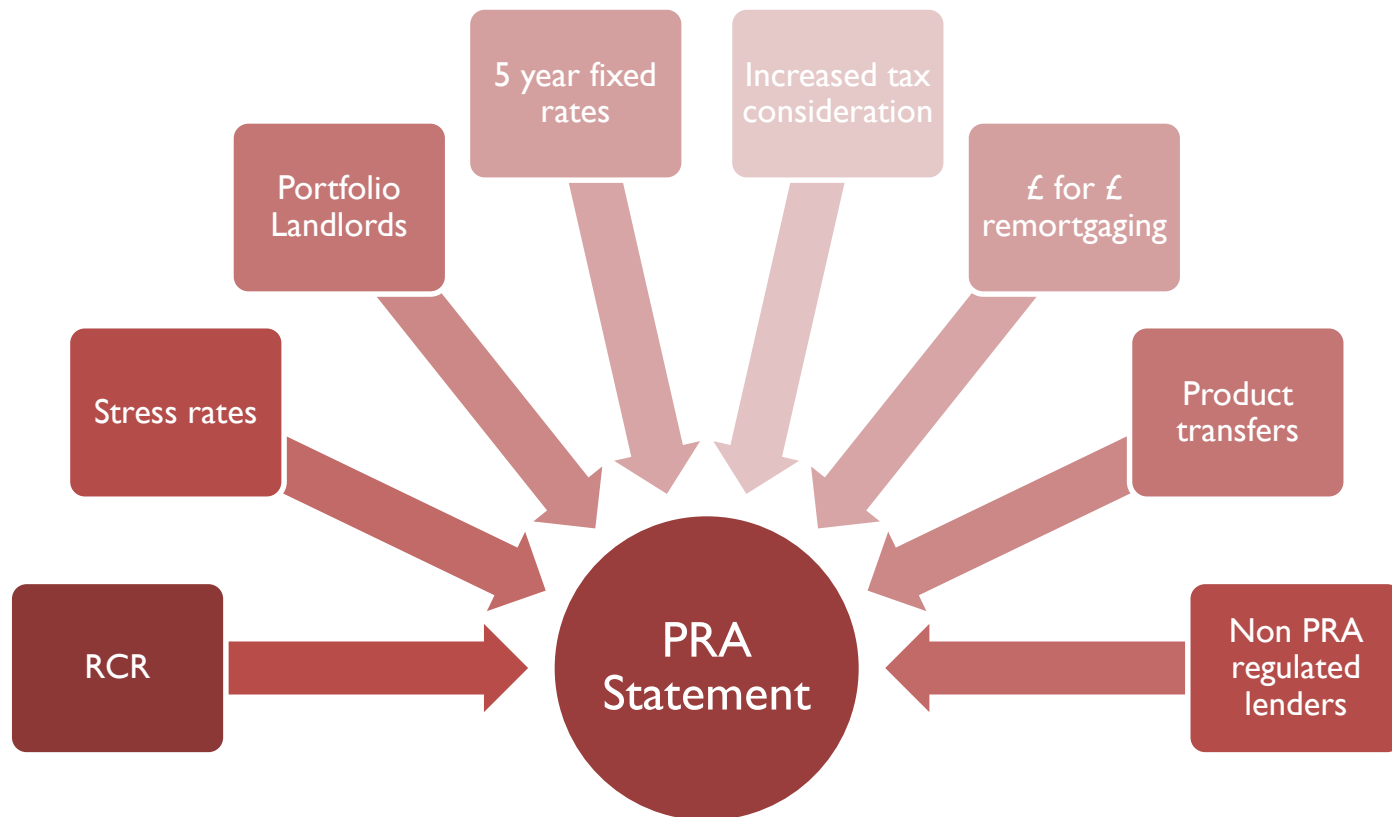
Ltd Company BTL

- Maybe the solution for some customers
- Stamp duty and CGT consideration
- Don't give tax advice

Tax and Mortgage advice

- Are your customers aware of the tax changes
- Accountants not book keepers
- Uncertainty means more business

PRA Statement



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PRA Statement

Portfolio Landlords

- 4 or more mortgaged properties
- Different underwriting treatment
- Consider whole portfolio
- Who will remain in this market?
- 1st Oct deadline

Stress rates

- All lenders must use 5.5% to stress BTL
- 5 year fixed can use lower rate
- £ for £ remortgages
- Product transfers

RCR

- Need to consider any increased tax liability
- Some lenders taken broad brush approach
- £ for £ remortgages
- Product transfers

There are still opportunities



- Customers need advice
- Yes BTL is getting harder
- But proc fees are higher
- Some customers may need LTD co
- Serious landlords are still buying
- Thousands need remortgaging
- PRODUCT TRANSFERS!!
- Understand the rules
- Understand the customer
- Guide not advise
- BTL is here to stay

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Questions?/Discussion...



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