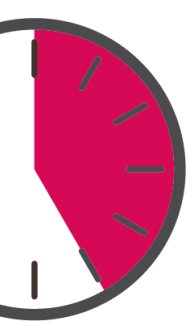


“A Game of Loans”

The modern mortgage challenge

Matt Andrews

Managing Director, Mortgages



In 25 Minutes

There are almost five million self-employed working people in the UK, and many of them have mortgage borrowing needs which are not straightforward.

How can you best tap into this sector and make sure you are delivering the best outcomes for your customers?

What Makes You an Expert ?



Bridging



Development



Self Build



1st Charge



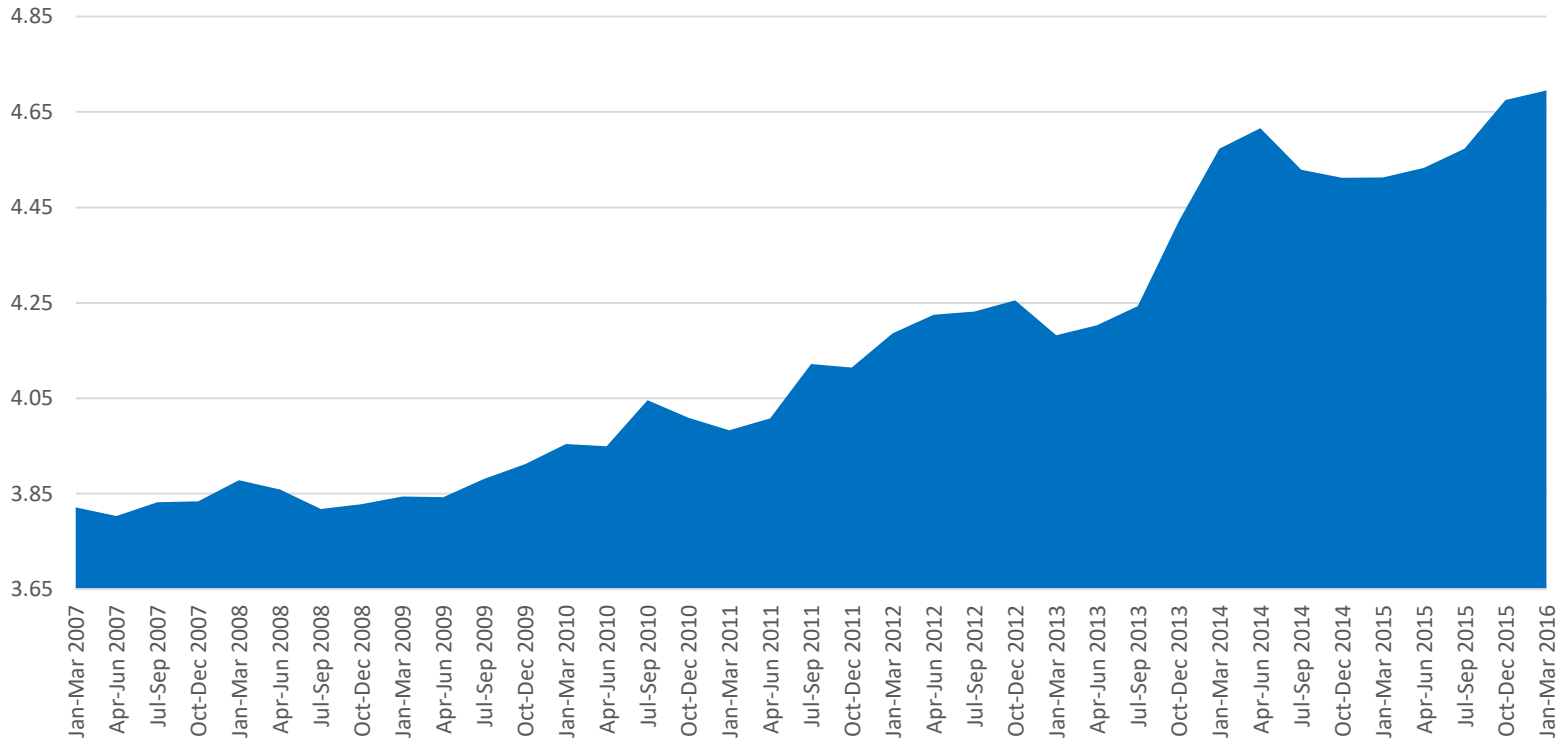
2nd Charge



Buy to Let

£1bn mortgage applications > 40% self-employed

The Case For The Self Employed

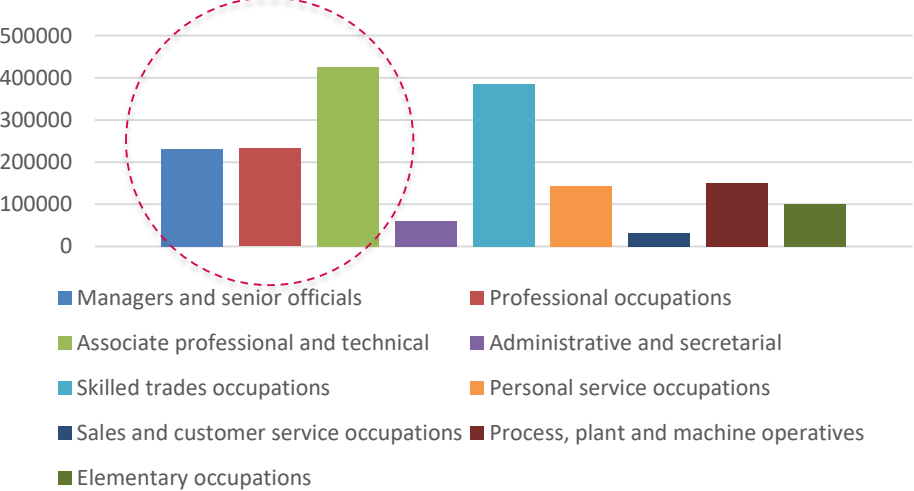


Growth peaked in 2014 and set to keep growing

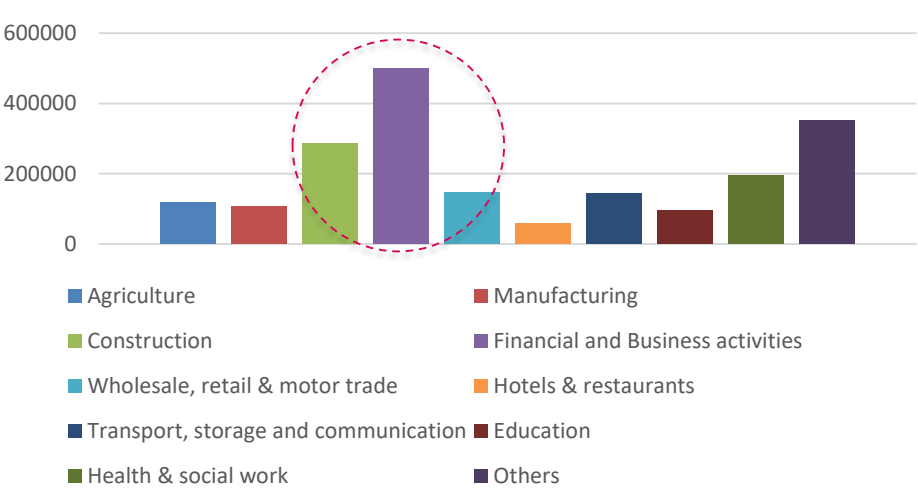
- Just over 4.7 million workers were self-employed in early 2016
- Forecast to reach 6.8m by 2021

Rise of The Professionals

Occupation



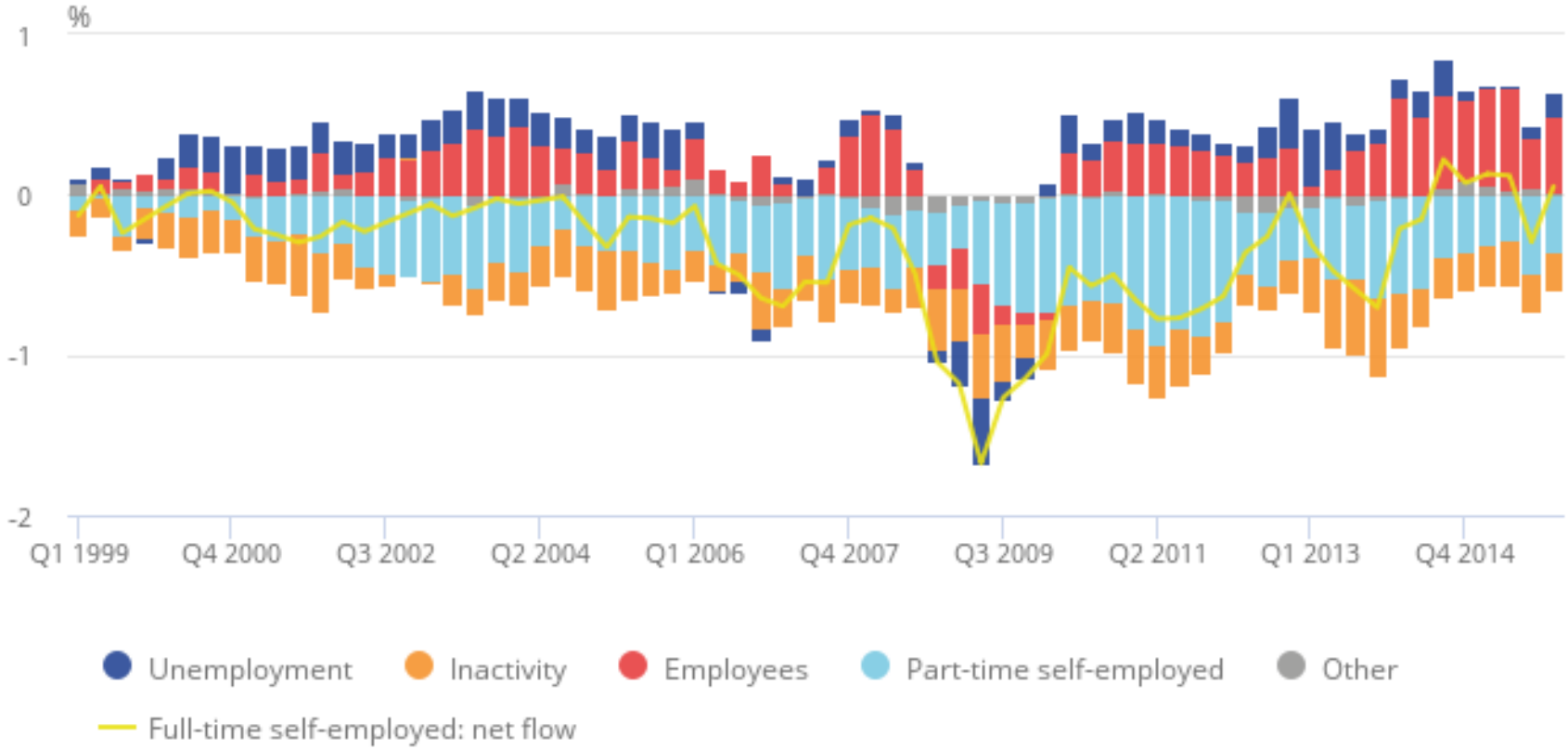
Industry



Changing Shape of Self Employment

- Managers, professionals, technical roles account for 46% of the occupations held
- Financial and business activities account for 25% of the industry sector

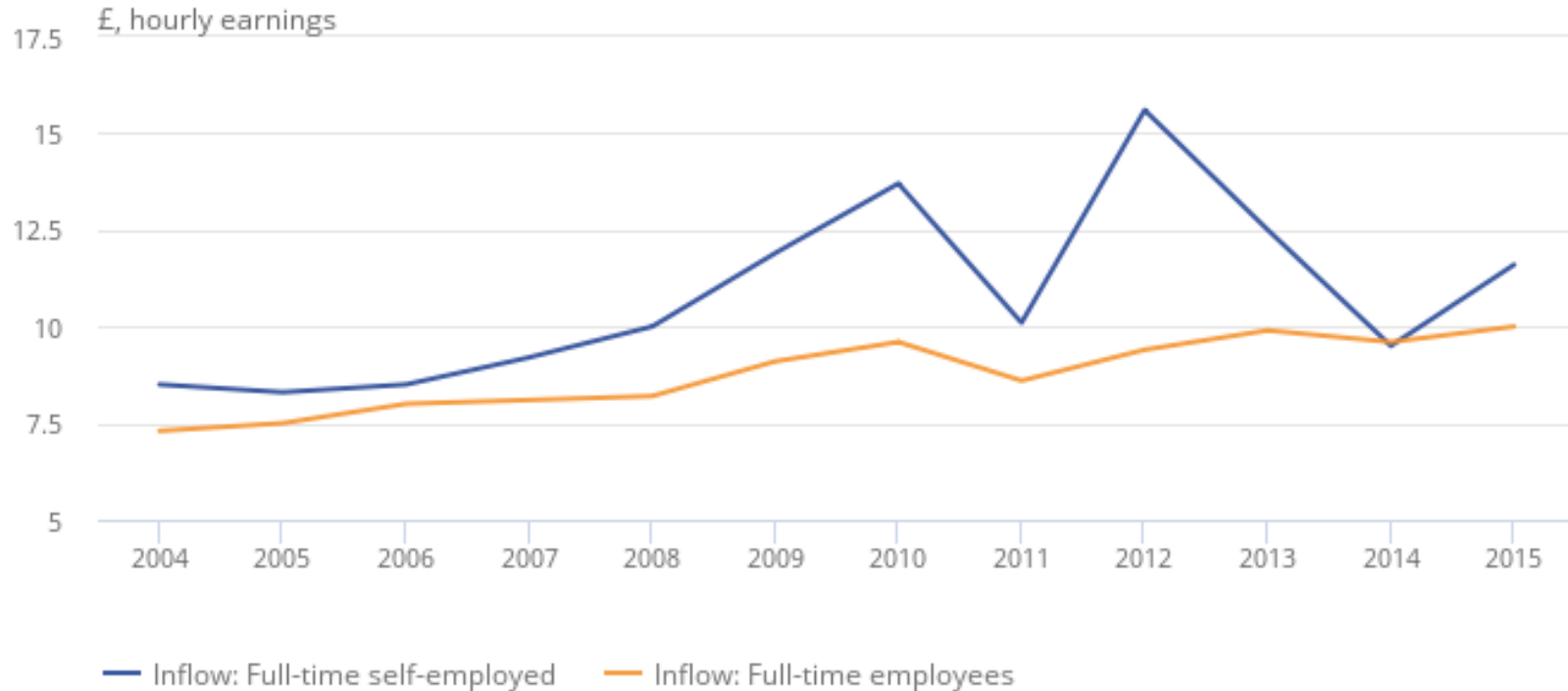
Stronger Quality of New Self Employed



Significant increase in employed making the jump

- Employed people becoming self employed rose from 37% to 89% in 5 years
- Historic part time self-employed reducing, as crunch unwinds

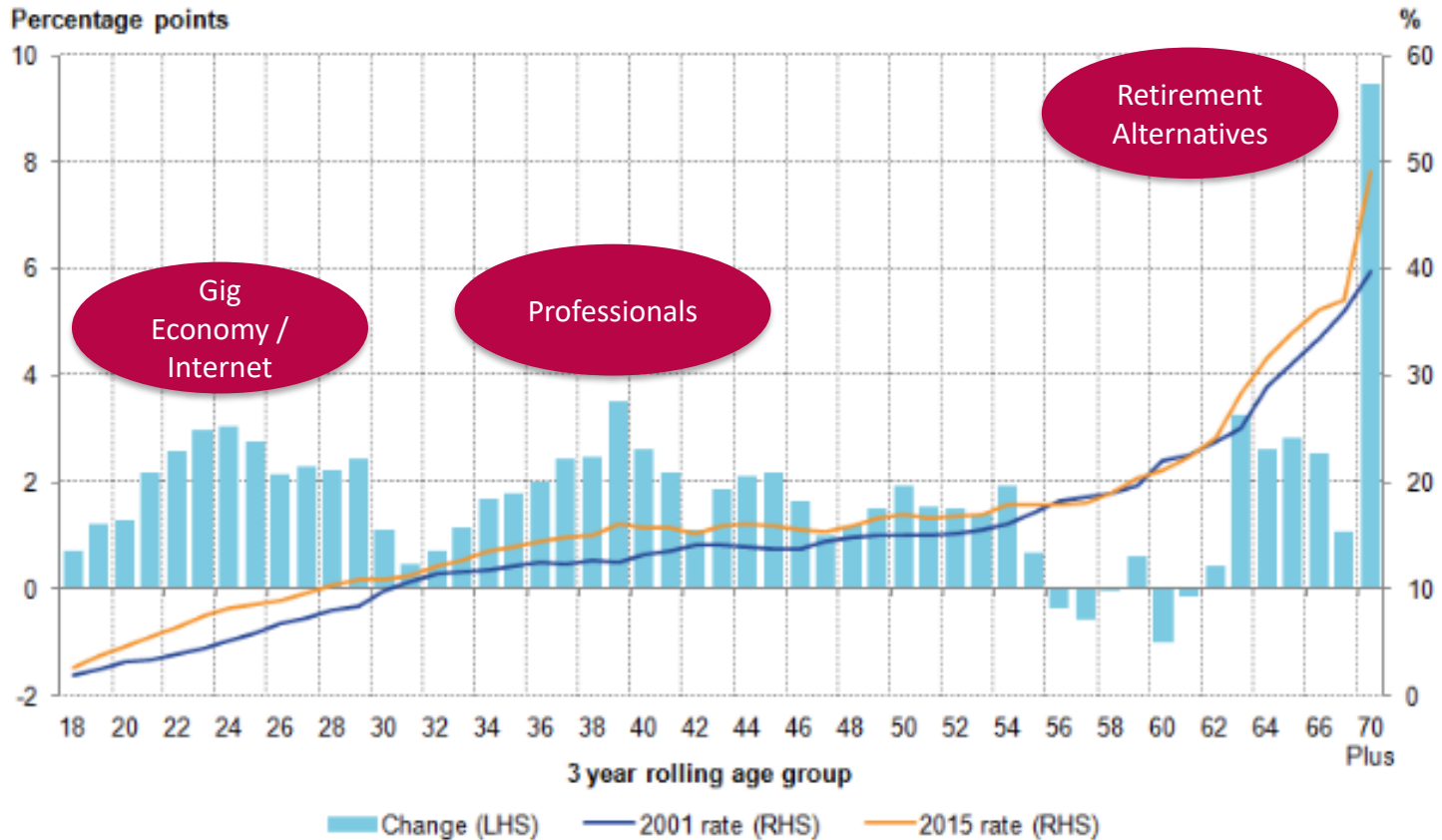
Income Levels A Big Motivation



Self-employed earnings greater than employed

- Average 27%- higher income derived in self employed since 2010

Clearly Identifiable Categories Emerging



Three Clearly Recognisable Categories Emerging

- Gig economy, techie millennials
- More mature professionals moving to contract work
- Older generation accounts for 46% of the rise in part time – older borrowing ?

Highly Convertible Customers !

ALS

£144,217

£116,656

£190,608

Employed

Retired

Self-Employed

Average Income

£42,786

£31,431

£52,312

Employed

Retired

Self-Employed

Credit Score



Employed

Retired

Self-Employed

LTV

59%

44%

52%

Employed

Retired

Self-Employed

Heightened Demand For Advice



15% of the UK working population – they're no longer 'specialist' cases.



55% self-employed people think it would be difficult to find a mortgage.



12% had been turned down for a mortgage and said getting a mortgage is just about box-ticking.



Nearly two-thirds (64%) had never used a mortgage adviser or broker.



Affordability models need to reflect the reality of self-employed income – 'computer says no' is getting in the way of real lives of self-employed borrowers

Top Tips – Find Them



Offline advertising

- Dig into your historic database
- Include self-employed / contractors in any written material
- Write an article for the local paper – we will help !
- Stick a small flier wherever you go – stress your expertise
- Letter to all local accountants / referral scheme



Networking

- Local business networks
- Accountants / solicitors
- Chamber of Commerce
- Word of mouth



Online advertising

- Write an article for a local papers online money section
- Build a self-employed / contractor page
- Get testimonials into a page / state your conversions
- Make your google ad local - stress your self-employed credentials
- Social media / blogs on self-employed success
- Low level PPC tests – self-employed mortgages

Top Tips – Win Them



- Bank statements should show a surplus income
- Tidy up income flows between business and personal accounts
- Connect with the accountant to gain missing information
- Think about timing of changing to Ltd Co



- Employee turned contractor? Contractor turned Ltd Co?
- Reason for move from employed to self employed
- Investments made in the business that impact net profit ?
- Reason for changes in ownership / shareholding / new co'
- If income is decreasing – why ? Will it turnaround ?



- Do you need limited trading, or accounts expertise ?
- Source – then check self employed criteria
- Pick the phone up to the specialists – we want to talk !



- Contractor – day rate or Ltd Co net profit ?
- PAYE and dividend are treated differently in affordability
- Spouse income / car / pension / use of home ?

Top Tips – Keep Them



- Keep accurate records – time started self employment
- Get annual accounts dates
- Set management accounts income triggers for loan amount
- Hook up with their accountant properly – get them on side
- Key person insurance
- Public / employee liability insurance
- Buildings / contents insurance
- Director / shareholder / employee mortgage referral scheme
- Growth / expansion capital – remortgage / secured loan

The Opportunity



Number of self-employed has risen steadily over the past 15 years hitting 4.6m



Fewer people are leaving self employment, than ever before, meaning longer durations



High advice need – high loyalty



Lenders want to lend - specialists find a way !

“

Thank you &
Safe Travels

*Matt Andrews, Managing Director,
Mortgages at Masthaven*

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