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Welcome back to Norton Broker Services' magazine!

In this issue, we open with a dissection of secured loans over Q3 and what have been our most popular reasons for borrowing between July and September. It's great to see the market going from strength to strength, as people gain financial confidence again.

In our lender contribution, we hear from **Tom Whitney, from Optimum Credit**, about five common misconceptions in the second charge market. We found this one a really interesting read and it's great to see this from a lender's perspective too.

Then we look at what's happened over the mortgage market in the last quarter – there have been some interesting changes for us and the market as a whole; see if our circumstances are the same as yours and how we can help you complete on more cases.

Our Bridging Department has given us some tips on when to use bridging finance and runs through the different types of interest that are associated with bridging loans. We hope these tips help and will have some more for you in the next issue too!

Finally, we get up close and personal, with our new Broker Account Manager, Jackie Wise. She's slotted into the team so well since she started in August, get to know her a bit better and give her a call for anything you need to discuss.

We hope you enjoy this edition of Norton Broker Services' Magazine.

**Best Wishes,
Helen Marshall**

Editor's Welcome.



The Secured Loans industry has seen a surge in volumes over the last quarter; in July alone new business volumes grew by 149% versus 2020, according to figures from the FLA.

We've seen many changes over the last quarter, including rate reductions from a number of lenders and the re-introduction of some of the higher LTV products that were removed during the height of the pandemic.

After introducing them to our panel in June, we also have paid out our first case with **Selina Finance** this quarter. They offer secured loans with a draw-down facility, which is currently unique to the market and a great example of how the secured loans market has continued to adapt to customers' needs over the last year or so.

Since the pandemic hit over a year ago, we've seen uncertainty surrounding self-employed borrowers; however, as the UK has made the slow return to the 'new normal', we have seen our secured lenders revive their options for self-employed borrowers back to pre-pandemic levels in most cases. Similarly, with those returning to industries that were hit the hardest, such as hospitality and the travel industries, as the sectors return to work, we've seen that second charge lenders are considering applications once again.

We've also seen an increase in submissions of customers looking to secured against Buy-to-Let properties, including portfolio landlords. In-line with national trends, we've also seen an increase in enquiries about raising money to purchase holiday lets, as the demand for 'staycations' continues to rise.

As we enter into Q4, we hope to continue seeing positive changes from our lenders to continue the post-COVID growth.

Secured Loans.



In this article Optimum Credit challenges five common misconceptions in the second charge mortgage market.

In my 15-plus year career in specialist lending, working in roles as varying as sales, development and distribution, I've seen a lot of change.

I've seen first-hand how, as a result of the house-price boom of 2007-08, the second charge sector has transformed itself to become more transparent and professional. However, we've noticed that many of the most common misconceptions have persisted within the industry, proving hard to shake in the eyes of brokers, lenders and customers.

In this post I'm going to challenge five of the most common misapprehensions in the second charge mortgage market; most significantly about the products that the specialist lending sector has to offer.

1

Second charge products are only intended for debt consolidation.

One of the things we find when talking to intermediaries and their customers is that many people don't realise the diversity of our product. Our loans at Optimum Credit range from £5,000 to £1,000,000 and we lend for a variety of purposes: including BTL deposits, home improvements, tax bill payments and in some specialist cases business purposes.

2

Second charge mortgages are complex.

There is still a hesitancy around second charge mortgages due to the mis-held assumption that they are complex and only serve customers with some form of adverse credit. Our experience is different from that. In fact, our customer base has a higher average credit score than that of first charge mortgage holders. The cycle times for a second charge will also point to the process being relatively straight-forward and we continually work to ensure borrowing is seamless and stress-free.

Second charge mortgages are only for adverse credit borrowers.

3

Second charges have evolved and whilst there remain a variety of products for customers who have had previous credit issues; there are a huge number of products for Prime customers and rates that reflect their status. Second charge lenders will sometimes take a more pragmatic view than the typical high-street lender. For example, we consider the length of employment or the time an applicant has resided in their property in a brokers' application; whereas high-street lenders (by nature) have to consider more stringent criteria when presented with a packaged case. This more transparent approach is just one of the benefits of sitting within the specialist lending sector; giving customers access to financial options that they may otherwise be rejected for.

Second charge lenders want customers with bad credit.

4

It's a continued misconception that we only look to attract customers with high levels of adverse or significant levels of outstanding debt. This is not the case. As previously touched on, we facilitate home improvement projects and other large financial transactions that are unlikely to be supported through either an unsecured loan or a re-mortgage. Each loan is assessed in line with MCOB regulations, including the approach to affordability.

Second charge brokers aren't adaptable all-rounders.

5

As mentioned above, second charge brokers are much more than debt consolidation brokers. They have shown a huge amount of adaptability with changes in regulations across the years. Many brokers have diversified into other product ranges and had a significant amount of success. In our experience, our trusted broker partners are also more often entrepreneurial businesses with a fantastic drive and hugely transferable skill sets.

Day One Secured Loan for Consolidation.

If a remortgage doesn't suit your customers, a secured loan could be the perfect option.

Applicants:

- Mr, 35, £77,200/year
- Mrs, 38, £45,000/year

Property:

- Value - £675,000
- Mortgage balance - £538,000
- Loan amount - £43,705 (+ fees)
- LTV - 87%

Remortgage:

- The customers had only just mortgaged the property, this wasn't feasible due to ERCs.

Secured Loan Solution:

- Lenders on our panel that consider customers with one month's mortgage history.
- 2-year fixed rate was chosen to tie in with mortgage, as customer planned to remortgage after this.
- Able to consolidate their loans, credit cards and overdrafts and saved the customer around **£600/month**.

Call 01709 321665 or email broker.services@norton-finance.co.uk to discuss your case.

No matter how complex, we're the experts.

Bridging Finance Tips.

Q3 saw our bridging department go from strength to strength, and we're seeing an increasing number of enquiries and completions. However, we know there's still some confusion around bridging, so we wanted to give you some useful information about bridging.

Bridging has multiple uses such as:

- Auction purchase
- Broken sale chains
- Repay existing short-term finance
- Renovation

Bridging loans are often completed quickly, making them perfect for customers who are looking to swiftly secure funds for property transactions.

Lenders will need to see a viable exit strategy from your customer. This could be a range of things, including selling the security property, or taking out a mortgage to repay the bridging loan.

One of the things that we often get questions about is the interest – what is rolled/retained/serviced?

Rolled interest - Loans taken out on a rolled interest basis mean that the borrower isn't required to make any monthly interest payments. Instead, the lender rolls up the interest and adds it to the balance of the loan at the start.

Retained interest – This means the borrower isn't required to make any monthly interest payments; the lender adds all the interest to the balance of the loan and essentially pays the interest itself when it falls due at the end of the month. So, the borrower is borrowing interest on top of the actual loan.

Serviced interest – similar to a typical mortgage, this is where the interest that accumulates is paid off on a monthly basis, meaning that only the loan principal is paid on redemption.

Hopefully, this has cleared up some questions you may have about how the different interests work with bridging finance and can help you when advising your customers to seek a bridging loan for their needs.

Our bridging help desk is always here to answer your questions and keep an eye out for our next issue for our next bridging breakdown!



Mortgage Review.

Quarter 3 has certainly been an interesting one for the mortgage industry. We've seen an influx of changes from our lenders and hoping to see even more normality return going into quarter 4.

The Stamp Duty Deadline caused a massive shift in business for us as a broker; we are usually heavily weighted towards debt consolidation cases, but the last 6 months have been dominated by purchases (including buy-to-let, residential and right-to-buy purchases). These changes have been felt across the industry and has increased the workloads for brokers, surveyors, lenders, solicitors and Land Registry, and has often caused a backlog of work, resulting in excessive delays. Yet, despite the heavier workloads, we have continued to support our brokers throughout the COVID period and easing restrictions, with increased flexibility from our advisers and administrators, we have been able to maintain our high standards.

We're seeing rates at an all-time low, so now is the right time for customers, who are in a position to do so, to look at remortgaging. Plus, as people return from furlough and self-employed positions start to get back to normal, we are hoping to see some complex cases, which brokers don't have the time for, but we are able to source a solution for from our unique panel.

Buy-to-lets have seen a rise in popularity and we have a wide panel of lenders to cover a range of scenarios including consumer buy-to-let, let-to-buy, HMOs and much more. We have completed cases where we have raised the deposits and done the BTL purchase; plus, we've completed on portfolio cases to save the brokers crucial time and resources. Despite house prices being at an all-time high, there's still interest from landlords, due to increasing rent and ensuring the yields are still viable.

Quarter 4 is certain to see more interesting changes and enquiries, as ever we'll be here to tackle everything head on and get our brokers the completions they want.



Meet Jackie.

Can you give us a brief history of your career so far?

I started at Norton finance at 18 as an assistant and quickly got promoted to underwriter after a few months. Unfortunately this was during the financial crash of 2008, so I moved departments to Debt Management, selling DMP & IVAs to customers who were struggling. I then got promoted to Quality Control Manager where I was involved in call training, compliance checks and training new and existing staff, before getting made redundant as we closed the department.

I then went on to underwrite in car finance for a lender business to business, speaking and visiting car dealerships in the local area. I would maintain relationships with the dealers and grow the business with bringing in new dealers. Due to the lack of progression at the time, I moved onto a door step loan company where I became the business manager for a team of sales and customer service agents. I trained each member monthly, evaluated their targets and performance, headed numerous presentations of training for different branches and senior managers. Until I was made redundant due the company closing down after 160 years.

What do you like most about your job?

I enjoy speaking with brokers regularly and being challenged with new enquiries with varying circumstances. I like the challenge of the more unique cases to see if we can place it for the broker.

What do you find most challenging about your role?

When we are unable to help. I always feel that there is a deal for everyone and I find it difficult to give up at times.

What are your hobbies?

I enjoy travelling to new and interesting places. I like to avoid the typical 'touristy' places. Just before the pandemic I went on a road trip around Transylvania which I would highly recommend.

What do you like to listen to in the car?

Unfortunately, I am a huge Taylor Swift fan!! I also love a good musical and a bit of 90s boy bands.

What's your claim to fame?

I don't have one unfortunately.

What's your favourite joke?

Anything not from Jimmy Allen.

Give us an interesting fact about yourself...

I can lick my elbow and that's as interesting as I get lol!





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