



**Why Use A Mortgage  
Broker for  
BTL/Investment  
property funding**

**This is a great question and one we are often asked.**



Obviously, we are biased as we are Brokers, so we think you should use a broker, and because we are biased, we will just give you the answer an AI Chatbot gave us, supported with some facts and examples in the next pages so you can draw your own conclusions:



## What did A.I. say:

*There are several benefits of using a mortgage broker in the UK and these are the same for standard and specialist mortgages:*

### **1. Access to a wide range of lenders:**

Mortgage brokers have access to a large panel of lenders, including banks, building societies, and specialist lenders. This means they can search the market to find the most suitable mortgage options for your specific needs and circumstances.

**2. Expert advice:** Mortgage brokers are knowledgeable about the mortgage market and can provide expert advice tailored to your individual situation. They can help you understand the different types of mortgages available, explain the pros and cons of each option, and guide you through the entire mortgage application process.

**3. Time-saving:** Searching for the right mortgage deal can be time-consuming and overwhelming. Mortgage brokers can save you time by doing the research and paperwork on your behalf. They have the expertise to quickly identify suitable mortgage products and handle the application process efficiently.



**4. Increased chances of approval:** Mortgage brokers have a good understanding of lenders' criteria and can match you with the most suitable lenders based on your financial circumstances. This can increase your chances of getting approved for a mortgage, especially if you have a complex financial situation or a less-than-perfect credit history.

**5. Cost-effective:** While mortgage brokers charge a fee for their services, they can often save you money in the long run. By comparing mortgage deals from different lenders, they can help you find the most competitive interest rates and favourable terms, potentially saving you thousands of pounds over the life of your mortgage.

**6. Support throughout the process:** Mortgage brokers provide ongoing support from the initial consultation to the completion of your mortgage application. They can help you navigate any challenges or issues that may arise during the process, ensuring a smoother experience.

Overall, using a mortgage broker can provide you with access to a wider range of mortgage options, expert advice, time-saving benefits, increased chances of approval, potential cost savings, and ongoing support throughout the mortgage application process.



**Pro Tip:** If you decide that you do want to use a mortgage broker, check out our 'HOW TO CHOOSE THE RIGHT BROKER' and our 'QUESTIONS TO ASK A PROSPECTIVE BROKER' Guides



## Some information about Brokers and how they can support you:

A whole of Market Independent mortgage broker will be able to access deals offered by many lenders, usually in excess of 80+ lenders and many thousands of different products.

A quick product search by Balanced Financial Services Ltd on *12 September 2023* (for a 60% LTV buy to let mortgage deal) offers 3,083 buy to let mortgage products across a range of lenders, however this number reduces if you are a portfolio landlord, are a Ltd Company structure, or indeed the property is an HMO of MUFB. Other factors will also reduce this number.

More importantly, experienced BTL brokers will be able to establish how different lenders will view different scenarios including some lenders which will insist on more expensive HMO products, where others would not view the property as an HMO and you could achieve standard lending rates.

# How else can your broker support you in your mortgage journey?

(In Addition to access to a large number of lenders & deals, systems to help them quickly find the most suitable mortgage options, and the expertise the understand how different deals will affect you and your own longer terms plans)

We can't speak for all brokers, but we can tell you what you will get working with a Balanced Broker.

- An initial planning meeting for all landlords is available. This can include guidance on the structuring of your buy to let portfolio and how different structures affect your lending options.
- One Single\* experienced mortgage broker throughout the process (No Administrators or assistants)\*Where available considering broker holiday/absence
- Dedicated help & support from initial contact to mortgage completion and beyond.
- Support in dealing with Estate Agents, Conveyancers, and others involved in the process.
- Your questions answered and guidance throughout the process.
- An Experienced professional liaising with lenders on your behalf.
- An Experienced Broker to complete all the paperwork and help you understand what paperwork will be required and why.
- A comprehensive explanation of what could happen or go wrong in the process and what can be done to overcome any hurdles your application may face.



## The Difference between a Broker and an Adviser:

There is no defined **official** answer. Not formally anyway, so we will share our **opinion** on the matter.

An **ADVISER** is a person who works normally for one lender or a small panel of lenders. Their job is to advise on mortgages, not necessarily to 'broker' a deal between the client and the most suitable lenders. So, you might have a mortgage adviser in your local bank branch, but that adviser can only advise you on that bank's mortgages, not any other bank or lenders.

A **BROKER** will give you advice on mortgages, just like an adviser, but they will also be able to broker a deal between you and a much wider number of lenders, usually including most of the high street banks, challenger banks, lesser-known lenders and building societies.



# Why use a Balanced Broker?

Overall, the majority of Buy to let and investment mortgages go through Brokers. Latest figures suggest that over 85% of investment property finance is currently arranged through brokers. This is expected to increase moving forward.

## So why work with Balanced...

**Below is a prime example of what matters when you chose a mortgage broker.**

Most Buy to let and Investment property mortgages are **not regulated in the UK**, it is not even legally required for a broker to have a formal qualification when placing unregulated business (though thankfully most lenders themselves require this to accept business).

There is little to no recourse in the event of problems and sometimes the industry is subject to what we call (this is our opinion, not fact) 'Lazy Broking'. Below is an example of Lazy Broking.





**Un-regulated mortgage loan of £6,500,000 secured against a BTL portfolio of properties.**



Applicant 1 has an existing commercial mortgage who review terms every 5 years. Following a recent review, the new terms were no longer in line with the applicants plans. Applicant looked to re-finance the existing loan.

Broker 1 offered a loan with a well-known specialist lender who are 'easy to work with and likely to say yes' The rate offered was:

**4.54% with lender fees of 2%**

Interest and fee cost would have been:  
**£1,605,500 over the 5 years**

Balanced looked outside of the box to see if we could move this away from commercial lending and into corporate borrowing but achieve the same, single loan.

**Balanced were able to secure a deal at 3.40% with 1.25% lender fee**

Interest and fee cost was £1,186,250 **saving the applicant in the region of £419,250** over 5 years.

The first deal was a suitable mortgage and in line with the applicants requests to the broker, however Balanced believe that the same level of care should go into every non-regulated case, as does with every regulated mortgage we do.

**We have a simple rule of thumb for all our brokers – what would you recommend for your (adult) son/daughter.**



## The Final Word...

We genuinely do think you should use a Broker for your buy to let and investment finance, and we would really like for you to choose us to be your partner in this side of your business.

**BFS**

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[WWW.BALANCEDFINANCIALSERVICES.CO.UK](http://WWW.BALANCEDFINANCIALSERVICES.CO.UK)

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REPOSSESSED IF YOU DO  
NOT KEEP UP REPAYMENTS  
ON A MORTGAGE OR ANY  
OTHER DEBT SECURED ON IT

