

Meet The Mentors

PLATINUM
PARTNERS
GROUP

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Steve Bolton is a highly successful, multi-millionaire property investor with business interests around the globe. He is co-founder of the Platinum Partners Group of Companies: Platinum Property Partners LLP, the world's first high-net-worth property investing franchise, accredited by the BFA, and Platinum Investment Partners LLP, which sources and manages large-scale, high-growth, low-risk, entirely passive international development projects.

Warren Buffett said earlier this year "You only learn who has been swimming naked when the tide goes out", and that's certainly true for the property market. For 15 years from the early '90s, too many people were dazzled by the opportunity to make money 'today' and bought into the idea that property was a game you could play with no skill, no money and no effort. Those who leapt in without understanding business fundamentals, and were reliant on a rising market, are the ones who are suffering now.

Cashflow is king in any business, and HMO's are an excellent way of generating good cashflow. PPP is the UK's leading provider of high quality, low cost, shared accommodation and we know this market extremely well. Many people are now seeing HMOs as the 'silver bullet' to solve their problems, but I believe in telling it like it is, and my goal is to make you aware of some of the downsides that are often glossed over. This month, the finance hurdle:

HMO Mortgages. At the time of writing, for HMO's that have more than 6 rooms it's only possible to get LTV's of 65%. What I have also learned first hand from people I know at Director level at RBS and BM Solutions, is that banks REALLY do not want to lend money IN ALL BUT THE MOST SECURE CASES and this will continue for many months and years. There are lots of 'creative finance' options you can use

- I've used nearly all of them in my time - but many are borderline legally and can be classed as 'irresponsible lending practices'. I would urge caution with some of the techniques being promoted these days and just because one broker or lawyer says they are OK, don't assume that is the case. These are tough times and you will always find THAT some professionals are willing to bend the rules to make money. Get a second and third opinion before proceeding with 'creative finance' schemes to ensure they are legal. Lenders are actively looking to take down the people who are using dodgy schemes.

As a seasonal sign-off, remember HMOs are for Life, not just for Christmas! To thrive and grow now, you need to take proper advice and really consider what is the best strategic move for you over the coming months and years. Have a great Xmas ;-)

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