

# BRICKS



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Facts, figures and fantasies from the world of property 18 JUNE 2004

FRIDAYS

# AND MORTAR



## HEY BIG LENDER

PSST... NEED AN EXTRA MILLION FOR THAT SPECIAL HOUSE?  
MRS MONEYBAGS REVEALS HOW THE OTHER HALF BORROWS **04**

- 06** YOKEL MINORITY
- 14** HOARD OEUVRE
- 16** RECYCLE ROUTE
- 27** OWN-BRAND HOMES



## HOW THE OTHER HALF LIVES

## WAYNE'S MONEY WORLD

Meet the mortgage broker who does for the rich what high-street banks do for the rest



I WAS reminded this week that even those of my friends who could get out their chequebook and pay cash for a house may not choose to do so. The reason? They do not wish to invest all their capital in a single property, when they know it could make them more money elsewhere. That's how they got rich in the first place.

Old money got rich through land and property, which it regards as sacrosanct. New money — a phrase that carries no downside with me — got rich by being enterprising.

My eligible bachelor friend in Notting Hill is a good example of this. He lives in a splendid three-bedroom, three-bathroom rented property rather than in his own home and keeps his own capital to make a living. He has recently decided to join a hedge fund, where he hopes

## The richer you are, the cheaper you get your money

that his money, combined with that of others, will grow even faster. He might buy a house — but if he does so, he is not going to pay cash when he believes that he can make a 20 per cent return from the hedge fund.

Typically my wealthier friends put up half the cash when they buy. What do they do about borrowing the rest?

They go to a mortgage broker, naturally. If you have had the same job for more than three years, earn all your income from one PAYE source, and have lived at the same address in the UK and are fully domiciled and resident, then shopping in the high street or on the internet for a mortgage is for you. But if you are looking for a £1 million loan, based on assets as well as income, you have to hunt elsewhere.

I have discovered a number of upmarket mortgage brokers recently, but they do vary in quality. I used Savills Private Finance for my most recent mortgage and found them perfectly satisfactory. My girlfriend Sandra has not been so lucky with her broker. She is buying a £1 million house in Hampstead with the proceeds of her divorce settlement. She got £1 million from the useless man to whom she was married briefly, but does not want to tie up all this in the house. So she is looking for a mortgage for £500,000, currently lives in rented property, is divorced, has limited income and about £750,000 in various liquid investments.

She was recommended a mortgage broker by the estate agent. Big mistake. Having assured her that she could get a non-status mortgage with some provincial lender so obscure I had never heard of them, and after she had forked out more than £1,000 for a survey, the broker has now demanded so much intimate information from her and her accountant that I wonder if he is planning to propose marriage to her himself.

If I had known about him in time, I might have sent her to see Wayne Coleman. The discreet Mr Coleman practises from premises in Knightsbridge, although as often as not clients meet him at their office or home rather than go anywhere near Harvey Nichols. Not for him the bog-standard mortgage. Eighty per cent of his clients are non-domiciled in the UK or are non-UK resident for tax. They will therefore often acquire their property in an SPV (single pur-

COVER AND INSIDE PHOTOS: DOMENICO PUGLISI



Eighty-five per cent of Wayne Coleman's clients borrow more than £1 million and have net assets in excess of £10 million

pose vehicle) limited liability company, which allows them significant tax advantages.

Mr Coleman provides a confidential, "cradle to grave", one-stop service — just the sort of thing that my friends appreciate. His main task is to negotiate the lowest possible rates for his clients. Forget best-buy tables and base rates: we are starting here with the lower rates at which banks lend money to each other (the Lon-

don Interbank Offered Rate, or Libor). The bank pays a small cost, measured in fractions of percentage points, above this rate to borrow the money it lends you, and Mr Coleman negotiates the lowest possible cost on top of that. His own fees are typically between 0.5 and 1 per cent of the loan, in line with other brokers.

Eighty-five per cent of his clients borrow in excess of £1 million and have net assets in ex-

cess of £10 million. Many of them are serious repeat investors, with funds that may have arisen from the sale of a company. The richer you are, the cheaper you get your money because you are a low risk to the bank. The same tactic applies to arrangement fees, valuations and other costs. This is borrowing at its most bespoke.

## MRS MONEYBAGS

□ Wayne Coleman: 020-7581 8121

## SUITS YOU SIR

IF MORTGAGE brokers were cars, Wayne Coleman would be a limited edition Aston Martin — bespoke and available to only a few wealthy people. For the rest of us, there are various Fords, Vauxhalls, BMWs and Mercedes.

Like cars, mortgage brokers come in different guises. Performance and price vary, from tied salesmen parked in the corner of an

estate agency to turbo-powered operators such as Savills Private Finance. A good broker will sift through thousands of loans, come up with something specific to your needs and fight your corner at the bank, especially if your circumstances are unusual.

At the last count there were about 7,000 different types of mortgages on offer. Variations leave room for negotiations. But the service can come at a price. Brokers are usually paid a procurement fee by lenders

(usually up to 0.4 per cent) and add their own fees on top of that. Savills Private Finance (0870-900 7762) and Charcols (0800 718191) charge fees according to the complexity and size of the deal.

Borrowers with difficult arrangements can end up paying up to 1 per cent of the loan, although 0.5 per cent is more typical. London & Country Mortgages (012254 08000) relies solely on procurement fees and charges nothing on top of that.