

Forward Flow mortgages: a strategic approach to growth

By Dirk Bekkers, CEO of April Mortgages

In the ever-evolving landscape of mortgage lending, innovative funding solutions are critical to supporting sustainable business growth. At April Mortgages, our mission to make mortgages more simple is underpinned by forward-thinking partnerships and strategic collaborations. One such approach – forward flow mortgages – is becoming an increasingly important tool for balance sheet growth and market diversification.

What is Forward Flow?

At its core, forward flow is a funding arrangement where an originator sells the economic interest of mortgages to a funder under a pre-agreed framework. This type of agreement allows funders to gain exposure to mortgage portfolios while enabling lenders like April Mortgages to generate liquidity and focus on what we do best – helping customers secure homes.

Unlike traditional securitisation or portfolio sales, forward flow agreements offer greater flexibility and efficiency. The funder acquires the beneficial interest in the mortgage while the lender retains the legal title and typically continues to service the loan. This structure provides a win-win scenario: funders benefit from a stable, long-term investment, while originators, from a duty of care perspective, maintain customer relationships and operational control.

Why Forward Flow matters

In the current economic climate, forward flow arrangements are gaining traction as a credible and scalable funding option. The model provides:

- Access to mortgages: Forward flow allows funders to access consistent mortgage streams, supporting growth without impacting own origination.
- Diversification: Funders can get exposure to different products and additional mortgages without the up-front costs and implementation.
- Operational efficiency: Pre-agreed purchase volumes and streamlined processes enhance the predictability and speed of funding.
- Flexibility and control: Funders can set criteria on what loans and product mix the portfolio will consist of, have control over margin and can pause stop commitments.
- Customer-centric approach: Retaining servicing responsibilities means originators can uphold their commitment to customer care, a core principle at April Mortgages.

A proven model

Forward flow agreements are not new – they have long been used across financial markets and jurisdictions and are particularly prominent in the Dutch mortgage market. With strong regulatory foundations and a clear legal structure, the model has demonstrated its resilience and effectiveness. At April Mortgages, our partnership with DMFCO, one of the largest asset managers of Dutch residential mortgages, exemplifies how forward flow can provide a robust funding mechanism while providing an attractive investment for institutional investors and aligning with ESG principles.

Looking ahead

As the UK mortgage market continues to adapt to changing economic and regulatory landscapes, we expect forward flow to play an important role in mortgage lending to support sustainable growth in products and at points in time when needed by funders. At April Mortgages, we are committed to leveraging this model to enhance customer outcomes and deliver on our purpose: giving more people peace of mind to buy and keep their homes.

If you'd like to learn more about forward flow or explore partnership opportunities, please get in touch – we're always happy to share our insights and expertise.

For more information, contact us at Dirk.Bekkers@AprilMortgages.co.uk