



MORTGAGES



A GUIDE TO: LIMITED COMPANY MORTGAGES

Our Knowledge
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Conquering the Corporation

Owning a limited company comes with many benefits, including tax advantages and flexibility. But what about securing a mortgage for your business needs, like buying a new office or a property investment?

Enter the world of limited company mortgages – a unique path to property ownership for your entrepreneurial endeavours.

Understanding Limited Company Mortgages:

Unlike traditional mortgages for individuals, limited company mortgages cater specifically to businesses. The loan is secured against the company's assets, not the personal finances of directors or shareholders. This opens up opportunities for companies with limited personal credit history or those seeking larger funding amounts.

Types of Limited Company Mortgages:

- **Commercial Purchase Mortgages:** Ideal for acquiring office space, industrial units, or retail properties for your business operations.
- **Development Finance:** Geared towards funding property development projects undertaken by your company.
- **Bridging Loans:** Short-term financing solutions for temporary needs, like covering the gap between property sale and new purchase.
- **Investment Property Mortgages:** Perfect for purchasing rental properties under your company's ownership to diversify your income streams.

Qualifying for a Limited Company Mortgage:

- **Strong Financial Performance:** Lenders will examine your company's trading history, income statements, and tax returns to assess its financial stability and repayment capacity.
- **Debt-to-Income Ratio:** Maintaining a healthy debt-to-income ratio demonstrates your ability to manage financial obligations.
- **Business Plan & Projections:** A well-defined business plan with realistic financial projections showcasing future growth potential can improve approval chances.
- **Security and Assets:** The value of your company's assets, both tangible and intangible, plays a crucial role in securing the loan.

Navigating the Process:

- **Seek Expert Guidance:** Consult a specialist mortgage broker like our advisers at PFG Mortgages who specialise in limited company mortgages. We can help you navigate the complexities and negotiate the best deals for your business.
- **Compare Different Lenders:** Don't settle for the first offer. At PFG Mortgages we always compare rates, terms, and conditions from various lenders to find the perfect fit for your needs.

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- **Prepare Your Documents:** Be ready to provide all necessary financial documents, business plans, and legal papers to expedite the approval process.
- **Be Transparent and Proactive:** Maintain clear communication with the lender and address any questions or concerns promptly throughout the process.

Unlocking Benefits:

- **Tax Advantages:** Limited company mortgages can offer tax benefits through interest-only repayments and offsetting tax liabilities.
- **Access to Larger Funding:** Compared to personal mortgages, limited company mortgages often allow for larger loan amounts, empowering your business to invest in bigger property acquisitions.
- **Boosting Business Image:** Owning property can enhance your company's image and credibility, leading to better business opportunities.

Challenges and Considerations:

- **Stricter Eligibility Requirements:** Lenders may impose stricter criteria due to the inherent risk associated with business loans.
- **Higher Interest Rates:** Compared to residential mortgages, limited company mortgages typically have higher interest rates.
- **Personal Guarantees:** Some lenders may require directors or shareholders to offer personal guarantees for additional security.

Remember:

Limited company mortgages offer a powerful tool for expanding your business through strategic property ownership. However, careful planning, financial preparedness, and expert guidance are key to navigating the process and securing the best deal for your company's long-term success. By conquering the complexities and unlocking the benefits, you can pave the way for a thriving future for your entrepreneurial venture.

Bonus Tips:

- Improve your company's credit rating by paying bills on time and maintaining responsible financial practices.
- Consider partnering with other reputable companies to strengthen your borrowing power.
- Utilize government-backed schemes or incentives for small businesses to access more favourable terms.

With the right strategy and a proactive approach, owning property and reaping the benefits of limited company mortgages can become a reality for your business, propelling it towards new heights of success.

If you have any questions please don't hesitate to call us on 01603 750001 and speak to an adviser who will be able to answer your questions.

PLEASE NOTE: YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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