



The Practical Guide to Limited Company Structures

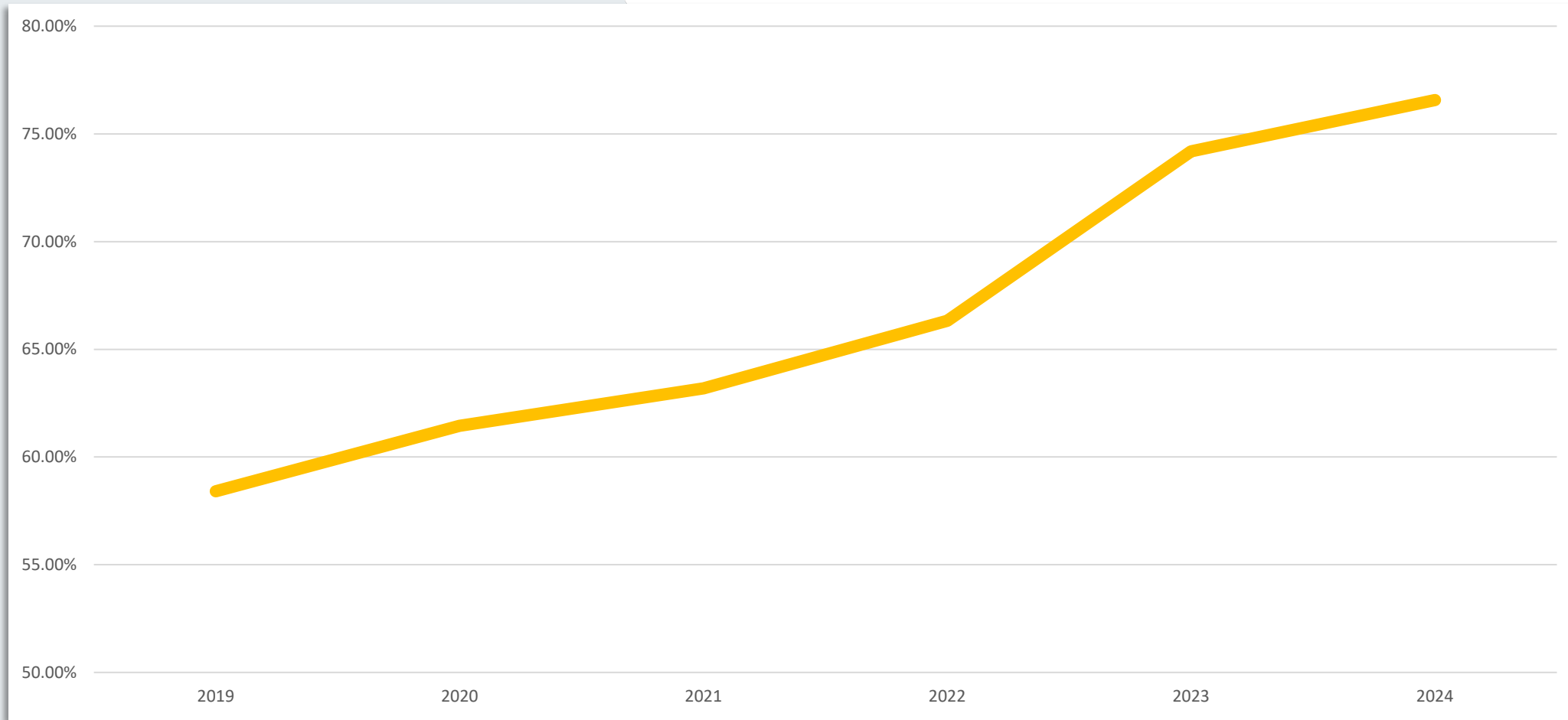


Learning Points:

- ✓ Different types of limited company structures and how these can be utilised by landlords.
- ✓ How lenders in the specialist market can lend on different types of structures.
- ✓ Examples of different corporate structures through case studies.



Limited Company Applications



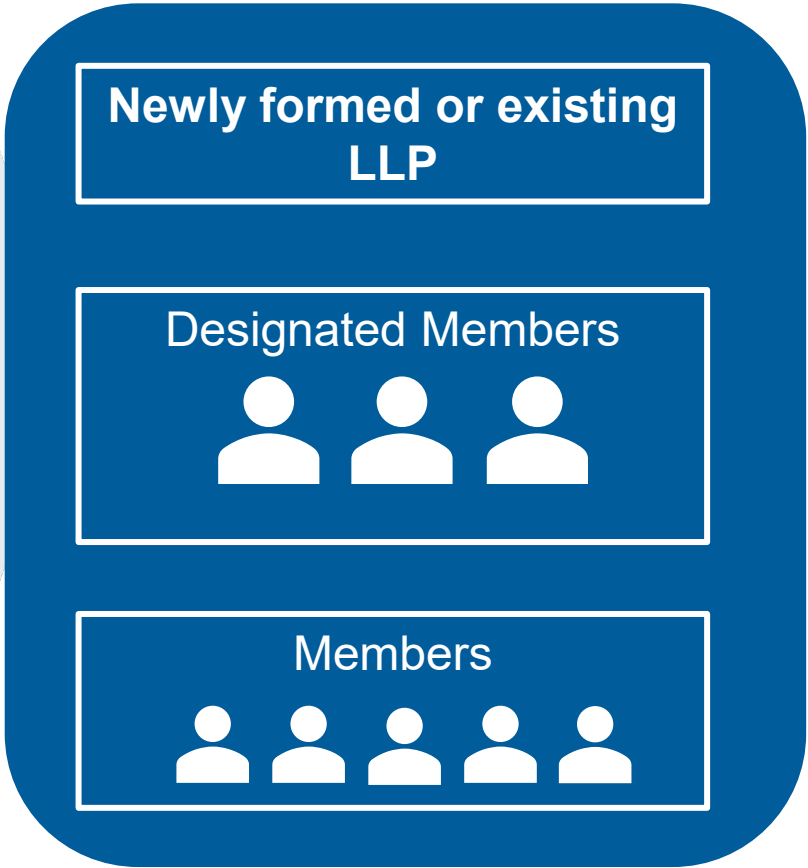
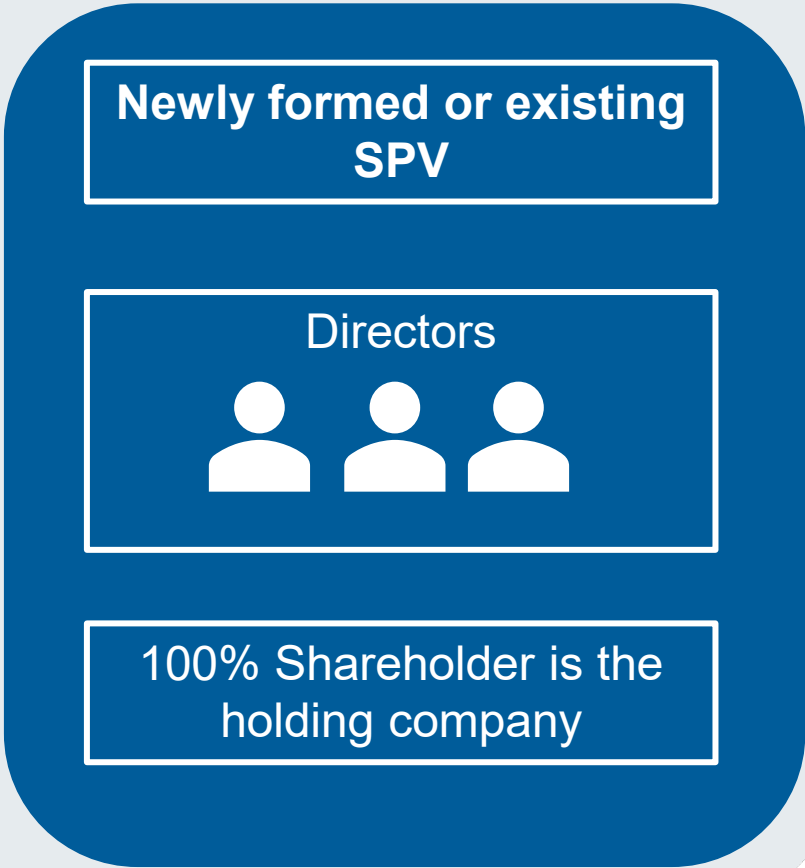


Company Type

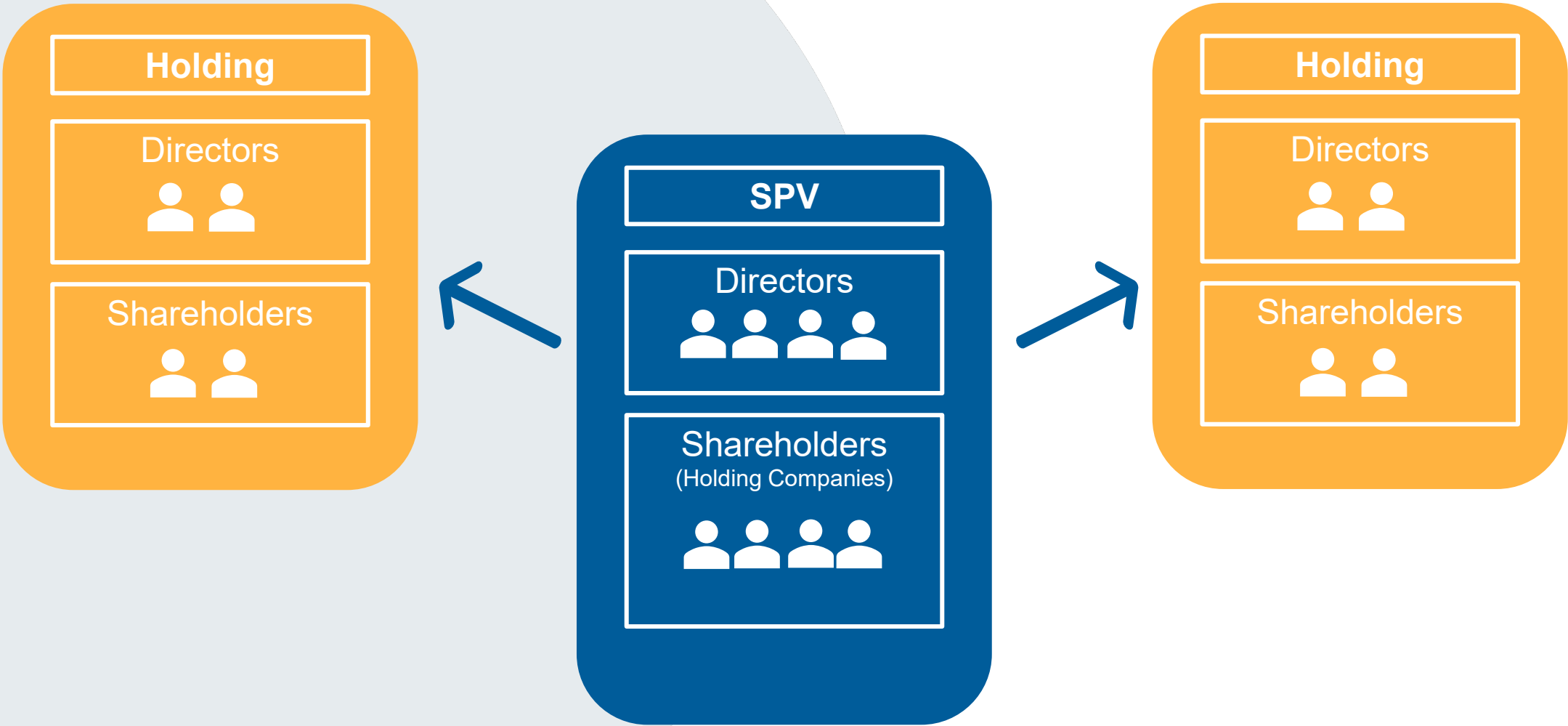
- ✓ SPV Limited Companies - existing or newly created – SIC Codes 68100-68209-68320
- ✓ Trading Limited Companies
- ✓ LLPs
- ✓ Subsidiary SPV Limited Companies - these are companies whose shares are owned by another Limited Company, otherwise known as a Group structure



Standard Corporate Structures



Complex Corporate Structures



Directors



✓ No maximum age limit because we are lending to a corporate entity

✓ Personal guarantees for the amount of the loan are required from ALL directors

✓ Independent legal advice to be sought by ALL directors

✓ Directors must meet the standard eligibility criteria in terms of having BTL experience or being a first-time landlord

Shareholders



- ✓ Not required on application
- ✓ No personal guarantee is required
- ✓ Shareholder consent form is required when shareholding is over 20%
- ✓ Shareholders below 20% are not taken into account for lending purposes



Deposit Types

- ✓ Inter-company loans are acceptable
- ✓ Use of shareholder funds, retained profits or director's loans are all acceptable
- ✓ Shareholder funds on incorporation



ICRs & Net Lending



125% for Limited Companies and basic rate taxpayers



145% for higher rate taxpayers



Other lenders calculate the loan requested and the completion fee within the DSCR which has an effect of reducing the loan



At KPF, the loan is calculated against the rental income excluding the completion fee to maximise borrowing



Limited Company Checklist

- ✓ Is the company Trading or an SPV?
- ✓ Check companies house to confirm SIC codes
- ✓ How many directors are there?
- ✓ How many shareholders does the company have?
Do any of them have over 20% shareholding?
- ✓ Is the client a director of other limited companies?





Limited Company Summary...



**No maximum
age at end of
term**



**Trading
companies &
LLP's
considered**



**Personal
guarantees
from directors
only**



**Related
transactions
– Personal to
Limited
Company**



**Up to 4
directors**



**Shareholders
not required
on the
application**

Case Study 1



Complex Corporate Structure Lending

- Client had three companies which held 100% of the share capital of the SPV
- Client buying an MUFB of 10 Flats
- The directors are portfolio landlords with over 20 BTLs in personal names.

Case Study 2



New Build for remaining flats in an MUFB

- 60% of the development was sold
- Client unable to refinance as remaining flats had no leases
- Development Finance to repay

Product Transfers



- ✓ No application fee
- ✓ No valuation fee
- ✓ No legal fees
- ✓ 1% & 3% arrangement fee which applies to all products and can be added to the loan or paid upfront
- ✓ Procuration fee of up to 0.45%



Product Transfer Plus



- + Product Transfer with additional borrowing
- + Up to 80% LTV* of the property's value
*80% LTV for standard properties and 75% for specialist properties.
- + 2 and 5 year fixed rates available
- + No application or valuation fee
- + Arrangement fee 1.5% and 3.5%
- + Procuration fee of up to 0.55%
- + Title Insurance payable on completion
- + Independent Legal Advice can be provided via Keystone

Do you have any questions about corporate structures?

Call



0345 148 9086

Email



enquiry@keystonepropertyfinance.co.uk

Webchat



www.keystonepropertyfinance.co.uk

Limited Co Fact Sheet

