

# Four **key things** to think about when finding your next buy-to-let mortgage

Thinking of getting a buy-to-let mortgage or renewing your current one? Then read our helpful guide to choose the best deal for you.

The buy-to-let industry has gone through drastic changes over the past few years. There has been increases in stamp duty, changes to the tax on your rental income, as well as the regulation of the mortgage industry, which has changed the way lenders calculate what they will lend you. All of this means it is more important than ever that you ensure your mortgage is the right mortgage for you, and to maximise your rental income from your property.

So, whether you are making your first purchase, reviewing your finances or expanding your portfolio, here are some key points to consider when deciding on your next mortgage;

## 1 Limited company or private name?

One of the key decisions you need to make is whether you want your buy-to-let property to be in your private name or to be owned by a limited company. This is not a simple decision to make, your personal circumstances and preferences will determine the best option.

One of the key points you should consider is the potential tax advantage of the property being owned by a limited company.

While the limited company may be more tax efficient on offsetting borrowing, it is likely to cost you

more to borrow in the first place. The current lowest two-year fixed rate for a limited company is 2.99%\* at 60% loan to value, the equivalent for a private individual is 1.34%\*\*. As well as the cost of borrowing there will be other costs to factor, such as the cost of setting up a limited company, producing annual accounts and any additional legal work required.

It is imperative that you seek independent tax advice to ensure that you make the correct decision for your circumstances.

## 2 Make sure you have the best rate

Ensuring you have the best rate for your buy-to-let mortgage is key to maximising your profit, and it's important you spend time reviewing all your potential options. While

doing your own research is an option, by doing this you will miss out on any broker-only lenders or exclusive deals, potentially costing you ££££s in interest.

## 3 Be fully prepared

The lowest rate may not always be the right deal for you. Being prepared and ensuring you meet the lender's criteria is vital to ensure that you do not waste time and money on an application which was doomed from the start. Whether this is

having the required rental income or just meeting the credit scoring, each lender will have a different way of deciding whether they will lend to you or not. The documentation required and speed at which lenders process applications can also vary.

## 4 Know which professionals to use

As well as ensuring your mortgage is in place, it is important that you have good professionals to support your buy-to-let venture. You may need to know a good accountant to use for your tax return, or which solicitor to use for the conveyancing.

You need to have good professionals that you can trust for honest advice at a good cost. You can rely on recommendations from friends and family or spend time researching to find the right people.

## Summary

There are lots of decisions to make along the way to getting a buy-to-let mortgage, with potential pitfalls which can lead to some costly mistakes if you make the wrong decision. Using the skills and expertise of a broker can help you make sure that your buy-to-let property is set up with the best opportunity to succeed.

Historically, landlords may not have reviewed their finance due to high costs and interest rates that were available on the market, however rates have become significantly more competitive and if you have not reviewed your mortgage for a while, now is a great time to see how much you could save.

## ? Why Bennison Brown

While building years of experience in financial services, we believed we could offer better advice and service to our clients than they were receiving. We wanted to create a business where trust, integrity and value is at the heart of everything we do. We are dedicated to making sure that expert advice is available to anyone that may need it. We offer the right advice to our clients

and not just the best of a chosen few lenders.

Therefore, we offer mortgages from the whole of the mortgage market, so we know you have the best deal. We can offer advice on both your residential or buy-to-let mortgages as well as advising on the right protection for you. Contact us today and start to enjoy advice, the Bennison Brown way.

\*2.99% rate: Representative example 4.90% APRC, based on borrowing £120,000 over 25 years on a 2.99% fixed rate until 31st October 2019, giving 25 monthly payment of £568.43, followed by 275 payments of £677.99 on a variable rate (currently 4.79%). Total amount payable £204,973.00, including the following one off costs - £2400 arrangement fee, £320 valuation fee, £35 funds transfer, £50 deeds production fee, £135 redemption administration, £125 application fee, £500 limited company processing fee, £750 lender and borrow conveyancing fee.

\*\*1.34% rate: Representative example 4.60% APRC, based on borrowing £120,000 over 25 years on a 1.34% fixed rate until 31st October 2019, giving 25 monthly payment of £470.96, followed by 275 payments of £681.69 on a variable rate (currently 5.00%). Total amount payable £201,760.75, including the following one off costs - £1999 arrangement fee, £149 valuation fee, £54 title management fee, £20 mortgage exit fee.

Your home may be repossessed if you do not keep up repayments on your mortgage. Not all Buy To Let mortgages are regulated by the Financial Conduct Authority. You may have to pay an early repayment charge to your existing lender if you remortgage.

### FOR MORE INFORMATION

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