

# Buy to let Guide

The only personal finance assistant for prospective first time buyers

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## What is a Buy to-let mortgage?

A buy to let property is one which is bought for the sole purpose of making an investment return this is done via renting it out to tenants and property appreciation.

You will need a buy to let mortgage for any property you do not plan to live in. Buy to let mortgages are assessed in a different manner and the deciding factor is more on the home. If the home is likely to make an income surpassing the cost of maintaining the mortgage then a Mortgage will likely be given. Some Lenders now look into the investor's personal accounts and new regulation will place more impetus on this. Lenders will typically want the expected rental income to cover at least 125% of the Monthly Mortgage payments. Lenders usually require a higher deposit for buy to let loans and the best deals are usually obtained with a 40%+ deposit.

## Buy to let Mortgage fees?

Interestingly enough buy to let mortgages with the lowest interest rates seem to have the highest upfront fees as a way for the lender to offset the loss in interest earnings. Typical Buy to let mortgage fees could be anywhere between 0.5% and 5% of the Mortgage.

You can spread this payment as part of the mortgage but this may cost you more. It is always better to consider the APRC rather than APR as this gives you a full overview of the cost of the mortgage.

## How tenants affect your buy to let Mortgage chances?

The type of tenant you can get might really affect your buy to let mortgage chances. For instance, many lenders have restrictions on mortgages for student lets and Houses in Multiple Occupation (HMOs). An HMO building is defined by having three tenants or more, that form more than one household and who share a toilet, bathroom or kitchen facilities.

## You will need buy-to-let insurance!

Most lenders will insist you have a landlords buy to let insurance which covers building and contents as well as landlord liability before they will approve your Buy to let Mortgage.

It is essential you carry out a valuation report and insure your property for the right value so you are not underinsured as this will mean losing out in the

event of a claim.

# Buy-to-let tax implications?

Buy to Let tax implications are subject to change and are not the focus of this guide. Please see [here](#)

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