Buy to Let Considerations

There are a number of aspects to consider when looking to invest in a Buy to Let property & subsequently a Buy to Let mortgage.

Assessment
Mortgage lenders will often assess buy to let mortgages on the earning potential of the property as well as your earned income & there are three main differences in buy to let mortgages:

Rental Income - lenders will consider the projected or actual rental income as part of their lending decision, as well as your earned income.

Interest Rates - dedicated buy to let schemes will generally attract a slightly higher interest rate & higher fees compared to residential mortgages.

Larger deposits - lenders generally require 20% or 25% of the property's value as a deposit.

Income or Capital Growth?
When buying a property to let, you will also need to decide whether your primary objective is income or capital growth.

There are also a number of additional costs to be mindful of, these include:

Professional fees - will you use a letting agent to manage your property? If so, many letting agents will deduct around 10% of the rental income to cover these costs.

Property Insurance - You'll need to ensure that you have adequate insurance for your rental property. Most mortgage lenders are likely to insist upon buildings insurance as a minimum level of cover. We work closely with a number insurers who specialise in landlords insurance so are happy to source this.

Maintenance - you will need to maintain your let property & ensure that your gas and electrical appliances comply with current legislation.

You do need to be aware that there is no guarantee you will make money from owning a property. Whilst over a period of time property prices generally rise, there are occasional 'slumps' in the market & having to sell at a particularly low point in the market could result in losses.