

BUY TO LET GUIDE

Buy-to-let mortgages are provided for property purchases or re-mortgages for investment in the private rental sector. Assessment of borrower affordability is normally based on projected rental income. Some lenders may also take the applicant's existing mortgage or earnings into consideration as well.

There are many different types of buy-to-let schemes available so it is important to get good quality advice. All the different lenders have differing criteria and unless you are an investment mortgage expert it is difficult to find the most suitable scheme for your individual requirements.

LOCATION... LOCATION... LOCATION...

Making buy-to-let work - research

To make buy-to-let investments work for you, you need to do extensive research on the area you are interested in. Check that there isn't a high crime rate and be careful of letting agents promising high rental yields. It is a good idea to check the area as a potential tenant to get a true picture of local market conditions. Take the décor into consideration. Poor decoration can take time and money to improve but can mean that the property will be cheaper.

Buying off-plan –before a property is built

Be careful buying into new developments before they are built. Some developments can be flooded with buy-to-let investors and when the properties come onto the market at the same time, they drive down rental prices. Also, many developers will offer discounts to tempt prospective buyers, however, some firms inflate the initial price in order to do so. There are advantages though in that these properties will come with a structural guarantee.

Buy-to-let mortgages

Interest rates available on buy-to-let are not significantly higher than those on standard mortgages. Lenders base their decisions on loans on likely rental income. Deals will vary from time to time but usually to secure finance you need the following:

- Rental income usually needs to be in excess of the mortgage interest (this varies with lender and product).
- You need to have a minimum of 15% deposit (may require more).
- Own a main residence and in most cases have a residential mortgage.
- Age of applicant (mortgage may need to expire before a certain age).
- May require a minimum income (salary or pension).

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

You can choose how we are paid for mortgage services; pay a fee (usually 0.4% of the loan amount) or we can accept commission from the lender; or a combination of research fee and commission from the lender. This will be discussed with you before we proceed.

The FSA does not regulate some forms of Mortgages.

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