

# A Guide To Buy-to-Let Mortgages



# Understanding Buy-to-Let Mortgages

A buy-to-let mortgage is designed for individuals who wish to purchase property as an investment to rent out, rather than as a home for themselves. This type of mortgage is distinct from a residential mortgage, which is intended for properties you plan to live in.

Buy-to-let mortgages generally require a larger deposit than residential mortgages. Most lenders expect a deposit of around 25% of the property's value. The lending criteria and age restrictions also differ from those for residential mortgages. It is important to seek advice from a qualified mortgage consultant who can provide guidance tailored to your circumstances and the requirements of various lenders.

Eligibility for a buy-to-let mortgage is typically subject to stricter criteria. Lenders may require you to already own a property, either outright or with an existing mortgage, and to have a good credit history. You will usually need to provide evidence of income, often at least £25,000 per year. There is also usually a maximum age limit of around 80 years at the end of the mortgage term.



We recommend obtaining professional advice on your mortgage options before you begin searching for a buy-to-let property. Our Mortgage Consultants are available to advise you on lending criteria, budgeting, and affordability assessments.

# How We Can Help

Purchasing a property to rent out is a significant financial commitment. Professional advice is essential before you proceed with a mortgage application or commit to a purchase.

Our network of qualified Mortgage Consultants is regulated by the Financial Conduct Authority (FCA) and authorised to provide mortgage and protection advice.

Our established relationships with a panel of lenders mean we can sometimes access exclusive mortgage products not available elsewhere. Our consultants have a thorough understanding of each lender's criteria, which is particularly valuable for buy-to-let investors. Whatever your situation, we can recommend the right mortgage and protection products to meet your needs.

- Access to thousands of buy-to-let mortgage products from our panel of selected lenders
- Confirmation of your potential borrowing capacity and a breakdown of all associated costs
- Assistance with finding a property and guidance through the buying process
- Support in constructing suitable offers to help you save money if your property purchase is for sale through another agent, and as long as we are not acting for the seller of the property.
- Management of all your mortgage and protection arrangements, regardless of whether you purchase through us



# Becoming A Lifetime Member

When you arrange a mortgage through us, you can become a Lifetime Member and enjoy several valuable benefits:

## **No more broker fees\***

After paying the initial broker fee, you will not pay another broker fee again, no matter how many times you:

- Expand your property portfolio – Add new properties to your investment portfolio without incurring additional broker fees
- Remortgage your existing properties – When you need to secure a better rate, release equity, or restructure your finances, you will have qualified broker support at no extra cost

## **£100 friends and family referral scheme\*\***

For every friend or family member you refer who completes a mortgage with us, you will receive £100 in the month following the legal completion of the new mortgage. There is no limit to the number of people you can refer, so the more you share, the more you earn.



\* Please note: An administration fee will still apply on all current and future mortgage applications. \*\*This promotion can be withdrawn at any time. Payment will be made to your bank account 30 days after your referred customer completes their mortgage. The referred customer must inform Peter Alan Mortgage Services of the referral during their initial appointment. Both parties must complete mortgages with us to qualify for the £100 reward.

# Identifying Quality Investments

Some lenders have restrictions on the types of properties they will finance, so having a specific property in mind will help our Mortgage Consultant find a suitable buy-to-let mortgage product for you.

Consider how suitable the property will be for a wide range of potential tenants and what return on investment you are seeking. For example, a one-bedroom flat may not appeal to families, limiting your potential tenant pool.

We offer a complimentary rental valuation service. A member of our lettings team will visit your prospective property to assess its rental potential and provide you with a realistic rental income figure. This helps you determine if the property represents a worthwhile investment and provides essential information for your buy-to-let mortgage application, as lenders require this figure. Speak to one of our Mortgage Consultants to arrange this service.

## Limited company buy-to-let mortgages

Many investors choose to purchase buy-to-let properties through a limited company for tax advantages. A Special Purpose Vehicle (SPV) is a limited company established specifically for your property portfolio. We recommend seeking independent financial advice regarding the tax implications of setting up a limited company.

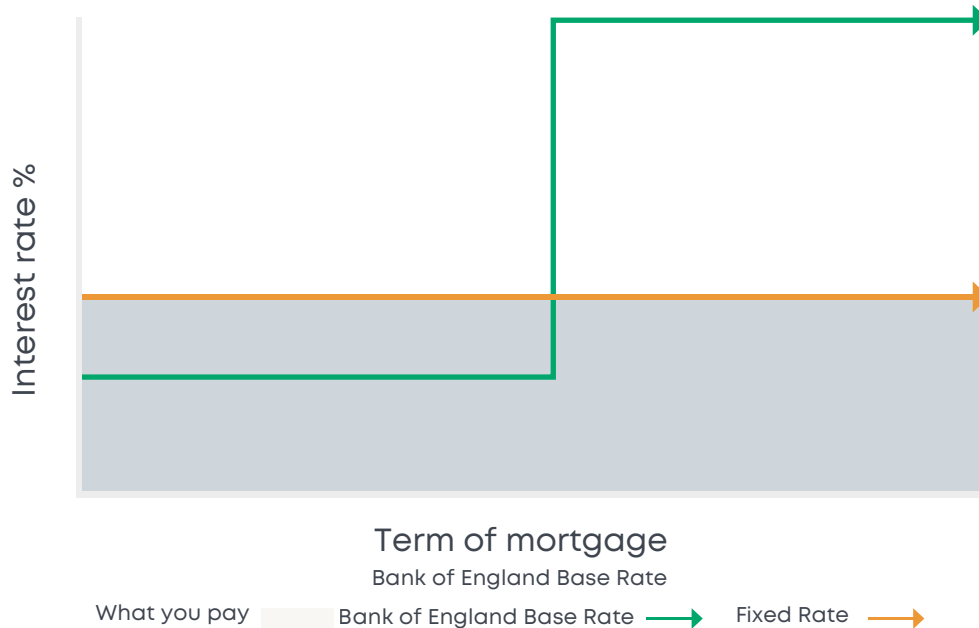
You should seek independent financial advice on the tax implications of setting up a limited company.



# Types of Mortgages Available

Here are some of the most popular types of mortgages available.

## Fixed rate:



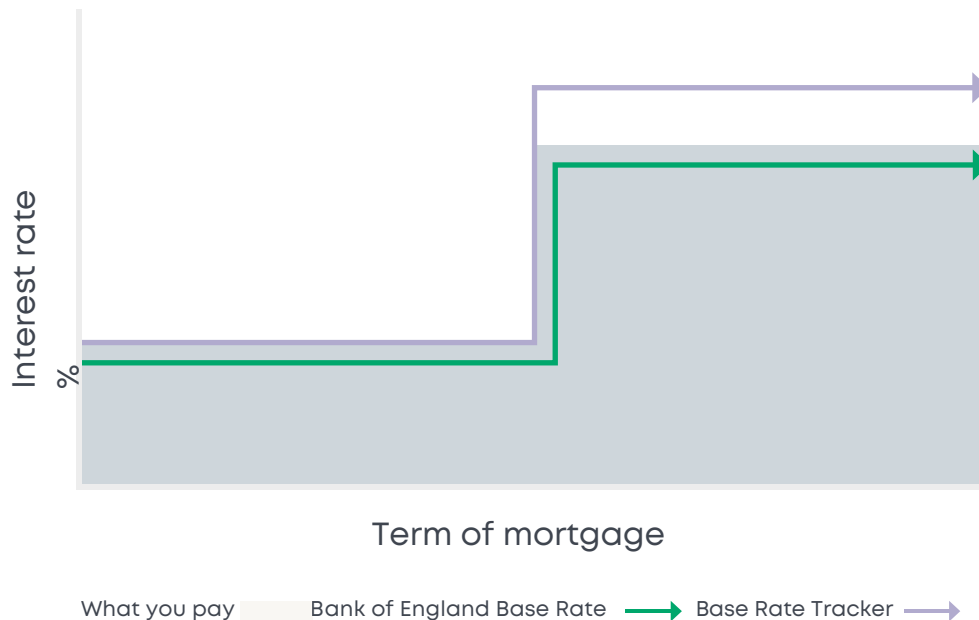
This graph is for illustrative purposes only.

- Your mortgage rate is fixed for a period — typically 2, 3, 5 or 10 years
- Gives you a fixed figure so you can calculate your monthly budget
- You are protected from rate increases during the fixed period
- You move on to the Standard Variable Rate at the end of the fixed rate period unless you remortgage

## Look out for:

- Early repayment charges and arrangement fees (these are likely)
- Payment shock – This is an increase in the payment on an adjustable rate mortgage that may surprise the borrower at the end of an incentive period
- Any Bank of England interest rate rises won't impact your fixed rate, however you will not benefit from any decreases in the base rate either

## Base rate tracker:



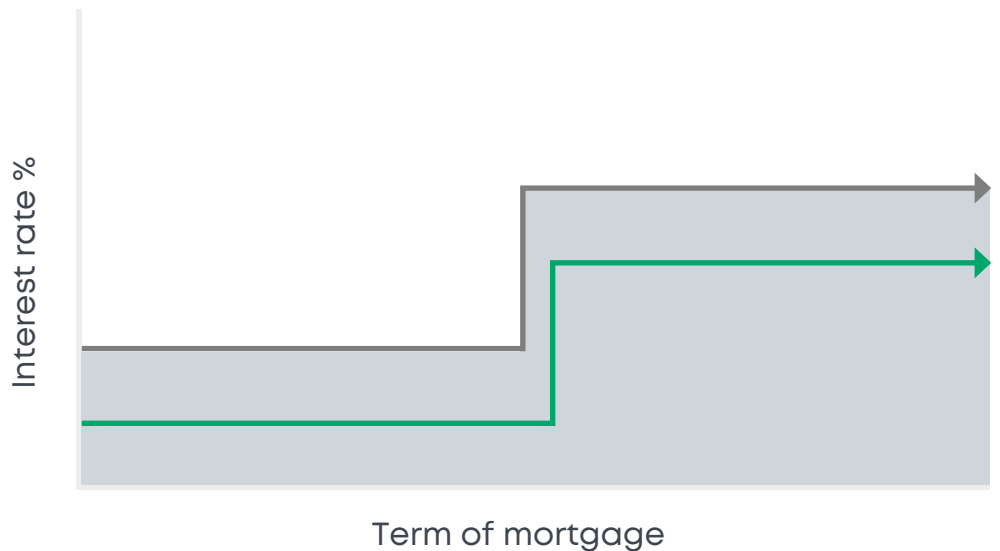
This graph is for illustrative purposes only.

- Your payments track the Bank of England Base Rate plus additional interest
- You may benefit from immediate rate reductions
- Payments more accurately reflect underlying interest rates of the time
- You are not protected from rate increases

### Look out for:

- Arrangement fees
- Early repayment charges and arrangement fees (these are possible)
- Payment shock – This is an increase in the payment on an adjustable rate mortgage that may surprise the borrower at the end of an incentive period

## Variable rate:



What you pay  Bank of England Base Rate  Standard Variable Rate 

This graph is for illustrative purposes only.

- No hidden extra charges - You always pay the lender's current rate
- You may benefit from rate reductions
- You are unlikely to have any arrangement fees or early repayment charges
- Your payments follow your current lender's Standard Variable Rate

### Look out for:

- When the base rate rises - the Standard Variable Rate will likely increase too and this is typically higher than the Bank of England
- Your monthly budgeting can be more difficult

# Conveyancing Services

Conveyancing is the legal transfer of a property from one person to another. It includes all the legal work plus a variety of important searches and checks on the property.

Our Home Conveyancing Service offers:

- Fixed Legal Fees
- Peace of mind with our “no sale, no legal fee” promise
- Peace Search Pledge on third-party costs if your purchase falls through and it is not your fault
- Specialist expertise for property in England and Wales
- No need to visit a Conveyancers office
- Upfront searches giving you the possibility of moving 2 weeks earlier than others (terms and conditions apply)

A conveyancer will charge an additional fee for their services, and there are thousands based around the UK, so to avoid confusion and make the process as stress-free as possible this is where we can help.



# Valuation and Surveys

Connells  
SURVEY & VALUATION

The lender will process your application and arrange a basic mortgage valuation to ensure the property is worth the mortgage amount they are lending you. You should be aware this valuation is not a survey and may not identify any physical problems with the property.

## **RICS Home Survey Level 2 (Survey Only)**

This is a report suitable for conventional properties, built from common building materials and in reasonable condition. The focus of the report is on assessing the general condition of the main elements of the property.

## **RICS Home Survey Level 2 + Valuation (Survey and Valuation)**

This report is as above, but also includes the surveyor's professional opinion on the 'market value' of the property and an insurance reinstatement figure.

## **RICS Home Survey Level 3 (Survey)**

The level 3 Survey is the most detailed survey Connells offer. Typically instructed on older properties, those that have been extended or altered significantly or those of unusual construction.

- Comments on defects and their cause, and gives advice on remedial measures required
- Does not include a valuation



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We can help you choose which survey would suit you best and arrange it for you, either directly with the lender or via our Survey and Valuation department.

# Protecting Your Interest

Your buy-to-let mortgage lender will require you to have landlord-specific buildings insurance in place from the point you exchange contracts on a freehold property. Some buildings insurance policies include a degree of accidental damage cover, but you may wish to add additional protection for the physical structure of your property.

## Other insurance products to consider include:

- Contents insurance
- Life insurance
- Critical illness
- Income protection



# Preparing a Will

working in partnership with:

REDSTONE WILLS

When you buy a property you become the owner of a substantial asset, so it is important to consider putting a will in place.

Our partner Redstone Wills is one of the largest will-writing specialists in the UK and can offer:

- Competitive pricing with no hidden charges
- Completion by correspondence in your own time
- Peace of mind that your estate and wishes are taken care of
- Additional services such as Will storage and lasting power of attorney
- The choice to appoint a Guardian, ensuring your children are taken care of

63% of UK  
adults  
have not  
made a  
Will\*

# Our Residential Lettings Services

We offer a range of lettings services tailored to suit your property rental needs. Whether you are a first-time landlord or an experienced portfolio investor, we can:

- Comprehensively market your property to prospective tenants
- Arrange viewings for interested tenants
- Reference prospective tenants, including affordability
- Prepare tenancy agreements
- Arrange inventory checks at the beginning and end of tenancies
- Arrange compliance and safety certification
- Conduct periodic property inspections
- Collect rent and manage arrears
- Provide 24-hour repair and maintenance support
- Offer a deposit replacement guarantee product as an alternative to a full deposit
- Provide optional Rent and Legal Protection Insurance (additional terms and conditions apply)\*\*

Full details of the services we provide and our charges for them are confirmed in our Terms & Conditions for Lettings

\*\*Additional charges are applicable for this service





Any fees payable will be explained in your initial no obligation appointment, before you choose whether to use our Mortgage Services.

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