

# A GUIDE TO BUY TO LET MORTGAGES



# WHAT IS A BUY TO LET MORTGAGE?

## What is a buy-to-let mortgage?

A buy-to-let mortgage is a loan specifically for those who are buying property as an investment to let out to tenants, and not to live in themselves. It's different to a residential mortgage, which is used to buy a home for you to live in.

## How does a buy-to-let mortgage differ from other mortgages?

Typically, buy-to-let mortgages require a higher deposit than a mortgage for the property you intend to live in. To get a buy-to-let mortgage you usually need a deposit of around 25% of the property's value, and it comes with different age limits and lending criteria. It's important to consult with a mortgage consultant, who can provide tailored advice based on your circumstances and the lender's criteria.

## Who can get a buy-to-let mortgage?

The criteria for buy-to-let mortgages tends to be a little stricter than residential. For example, your lender may make it a condition that you already own a property, whether outright or with an outstanding mortgage. You will also need to have a good credit record. You may also have to provide evidence of income, typically around £25,000+ a year. Lenders also have a maximum age requirement, which is usually around 80 years of age.

You should seek professional advice on your mortgage options before you start looking for a buy-to-let property. Our Mortgage Consultants can advise you on lending criteria, budgeting and affordability.

# HOW WE CAN HELP

Buying a property to rent out is a serious investment, and you'll want professional advice before proceeding with the mortgage application or committing to the purchase.

We're part of a national network of professional, qualified Mortgage Consultants regulated by the Financial Conduct Authority (FCA) and authorised to give mortgage and protection advice.

Long-standing relationships with our panel of lenders mean we sometimes have access to exclusive mortgage products not available anywhere else. Our Mortgage Consultants have in-depth understanding of each lenders' criteria, which is especially important for the buy-to-let investor. Whatever your situation we can tailor the right mortgage and protection products to suit your needs.

## What we'll do for you

1

We have access to 1000s buy-to-let mortgage products from our panel of selected lenders, so you can be sure we'll be able to find the right mortgage for you.

2

Confirm how much you may be able to borrow and all the costs involved\*.

3

Help you find a property and explain everything you need to know about the buying process and all the costs involved.

4

Save you money on the property you choose by helping you construct a suitable offer if your property purchase is for sale through another agent, and as long as we are not acting for the seller of the property\*.

5

Take care of all your mortgage and protection arrangements whether you buy through us or not.

# BECOMING A LIFETIME MEMBER

When you take out a mortgage through us you can choose to become a Lifetime Member, which gives you access to the following perks!

## **No More Broker Fees\***

Once you've paid the initial broker fee, you will never pay a broker fee again – no matter how many times you:

## **Expand your property portfolio**

Adding new properties to your investment portfolio? As a lifetime member you won't incur additional broker fees, helping you grow your assets more cost-effectively.

## **Remortgage your existing properties**

When it's time to remortgage – whether to secure a better rate, release equity, or restructure your finances – you'll have qualified broker support at no extra cost. You won't incur additional broker fees, helping you grow your assets more cost-effectively.

## **£50 friends & family referral scheme**

We believe great service is worth sharing – and we want to reward you for it.

Every time you recommend a friend or family member who successfully completes on a mortgage with us, we will pay both of you £50 in the month following the legal completion of the new mortgage.<sup>1</sup>

There's no limit to how many people you can refer – so the more you share, the more you earn.

It's a win-win: you help someone secure a mortgage deal suited to their circumstances and you both get a reward!

\*Please note an administration fee will still apply on all current and future mortgage applications. This promotion can be withdrawn at any time, without notice. A payment will be made to your bank accounts 30 days after your friend or family member has completed on their mortgage. The referred customer must advise Countrywide Mortgage Services of the referral in the initial appointment.

# WHAT MAKES A GOOD INVESTMENT?

Some lenders have restrictions on what types of properties they'll lend on, so having a property in mind beforehand will help our Mortgage Consultant find a suitable buy-to-let mortgage product.

Think about how suitable the property is for the widest range of tenants possible, and what you want as a return on the investment. For example, a one bedroom flat wouldn't necessarily be suitable for a family, so your tenant choice would be limited for this type of property.

We offer a free rental valuation service. A member of our lettings team will visit the property you're interested in to assess its potential. You'll receive a realistic figure for rental income on the property, so you can decide if it's worth the investment.

The rental income assessment will also be used as part of your BTL mortgage application, as your lender will want to know this figure. Speak to one of our Mortgage Consultants who will arrange this for you.

## Limited company buy-to-let mortgages

Many investors choose to purchase buy to let properties via a limited company due to tax benefits. A Special Purpose Vehicle (SPV) is a limited company set up specifically for your property portfolio and this reason.

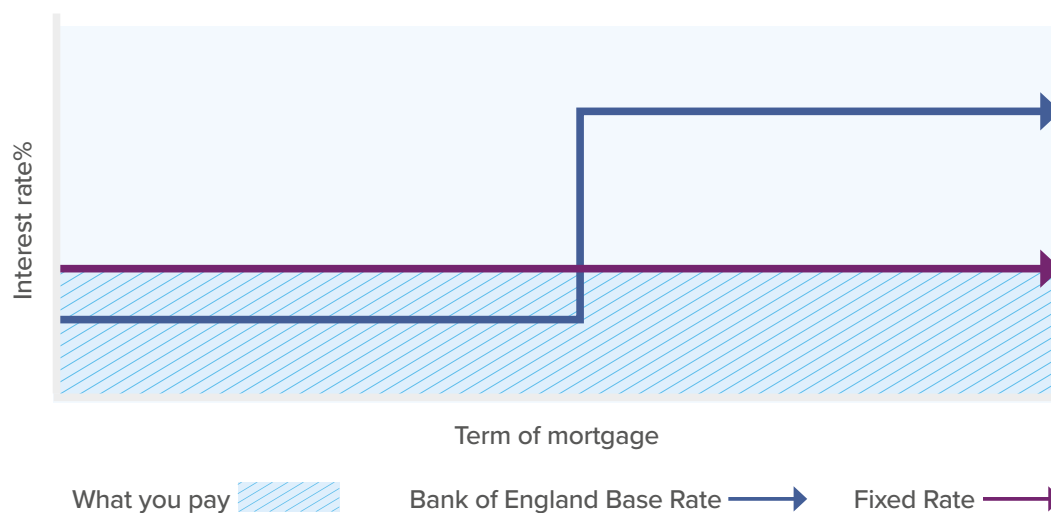
**You should seek independent financial advice on the tax implications of setting up a limited company.**

# TYPES OF MORTGAGES AVAILABLE

To help you understand your options and prepare for your mortgage application, here are some of the most popular types of mortgages available.

## Fixed rate

Your payments are locked in and you only pay the fixed amount, regardless of what the Bank of England Base Rate is doing.



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
- Exact cost known
- You are protected from rate increases (during fixed period)
- You move on to your 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\*

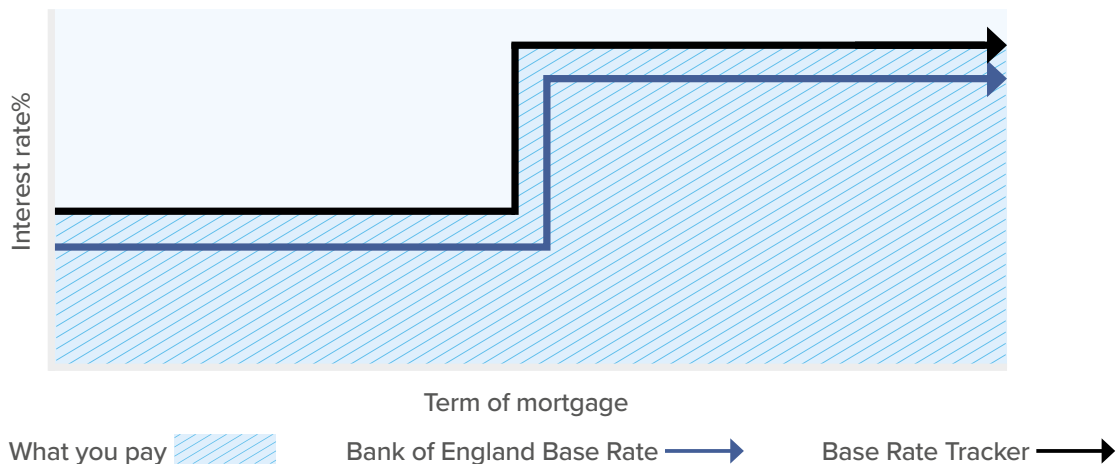
## How does the Bank of England affect this?

- Any interest rate rises won't impact your fixed rate however you will not benefit from any decreases in base rate.

\*An increase in the payment on an adjustable rate mortgage that may surprise the borrower at the end of an incentive period.

## Base rate tracker

Your payments track the Bank of England Base Rate plus additional interest. This rate is directly affected by the Bank of England Base Rate.



This graph is for illustrative purposes only.

- You may benefit from immediate rate reductions
- Follows an interest rate that is usually set in line with the Bank of England base rate for a certain period of time
- Payments more accurately reflect underlying interest rates of the time

## Look out for:

- Arrangement fees
- Early repayment charges and arrangement fees (these are possible)
- Payment shock\*

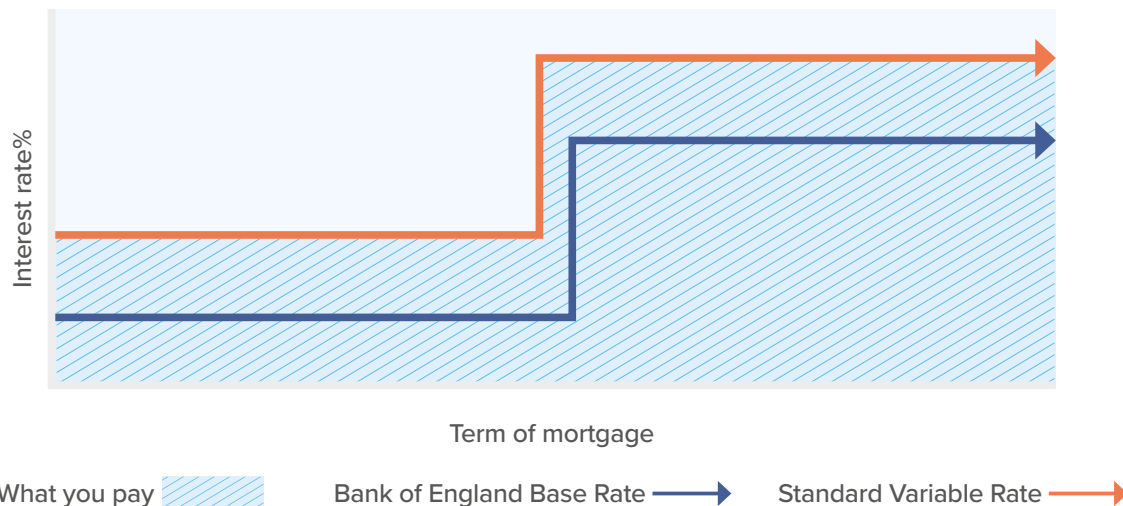
## How does the Bank of England affect this?

- You are not protected from rate increases
- Your rate immediately follows base rate increases

\*An increase in the payment on an adjustable rate mortgage that may surprise the borrower at the end of an incentive period.

## Variable rate

Your payments follow your current lender's Standard Variable Rate. This rate is usually based on the Bank of England Base Rate plus additional interest set by the lender.



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

## Look out for:

- Your monthly budgeting (this can be more difficult)

## How does the Bank of England affect this?

- When the base rate rises – the Standard Variable Rate will likely increase too and this typically is higher than the Bank of England



# CONVEYANCING

Our Home Conveyancing Service is designed to give you peace of mind by taking care of all your conveyancing needs in one place.

## What is conveyancing?

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.

1

**Only one lawyer to deal with** saving you time and effort, phone and postage costs.

2

**Peace of mind** with our “no sale, no legal fee” promise.

3

**Second search fee refund guarantee** if purchase falls through pre-completion.\*

4

**A faster exchange of contracts and completion** with less lawyers involved for the negotiations on the completion date.

5

**As conveyancing specialists** we deal with residential property in England and Wales, from any estate agent or builder.

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

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 that this valuation is not a building survey and will 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)**

Suitable for any property type, including listed, unusual properties or those requiring renovation, but is typically for larger properties.

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

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 INVESTMENT

The buy-to-let mortgage lender will require you to have buildings insurance suitable for landlords in place from the point you exchange contracts on a freehold property.

Some buildings insurance policies have a degree of accidental damage cover included, but you may want to add additional cover for more protection to the physical structure of your property.

**There are other insurance products you may also want to think about.**

Speak to our Mortgage Consultant about:

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

## **For buyers in Scotland**

Insurance: Your mortgage lender will require you to have buildings insurance in place for the date of entry.



# PREPARING A WILL

working in partnership with:



We have teamed up with Redstone Wills – one of the largest Will-writing specialists in the UK.

## Making a Will

If you haven't made a Will, investing in a property that will form part of your estate is a really good reason to finally do it. Planning what happens to your money, possessions and property would save your loved ones additional stress, worry and cost at a difficult time.

- 1 Competitively priced with **no hidden charges**.
- 2 The will is completed by correspondence **in your own time**.
- 3 **Peace of mind** that your estate and wishes are taken care of.
- 4 **Additional services** such as will storage, lasting power of attorney and executor services are also available.
- 5 **Ensuring your Children are taken care of** by appointing guardians and leaving gifts.

Our Will-writing partner can provide a simple, straightforward service for your peace of mind, just ask our Mortgage Consultant for details about how we can help.

# INTRODUCING COUNTRYWIDE RESIDENTIAL LETTINGS

With different service packages from tenant sourcing to full property management, we can:

**We have a range of lettings services tailored to suit your property rental needs.**

Whether you're a first time landlord or an experienced portfolio investor can:

- Comprehensively market your property to prospective tenants
- Arrange appointments for prospective tenants to view your property
- Reference prospective tenants, including affordability checks and undertaking right to rent checks\*
- Prepare a tenancy agreement
- Arrange inventory checks at the beginning and end of tenancy
- Arrange compliance and safety certification
- Conduct periodic property inspections
- Collect rent and chase arrears
- Provide 24 hour repair and maintenance support
- Offer a deposit replacement guarantee product instead of a full deposit
- Offer 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

\*Right to rent checks apply to England only

\*\*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.**

