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Buy to Let mortgage considerations

Buy to let mortgages differ from residential mortgages in three key ways:

1. Mortgage providers may require a higher deposit.
2. Lending is based largely on your rental income. Mortgage providers will typically only lend if rental income is at least 130% of the mortgage payments. You may also be required to provide proof of personal income.
3. Buy to let mortgages aren't regulated by the Financial Services Authority.

Mortgage research and advice

Consider using an independent mortgage broker. Make sure they have access to the whole market and special deals, rather than just a limited panel of providers. And try to find one who specialises in buy to let.

Choosing a mortgage that's right for you

Your buy to let mortgage needs to suit your personal requirements and circumstances and help you meet your investment objectives. Considering the following issues should help you identify a mortgage that's right for you.

1. What your rental income is likely to be.
2. Whether you have any other income that could affect the amount you can borrow.
3. Whether you have any debts. This'll reduce the amount you can borrow.
4. The amount of deposit required.
5. Whether the property is a long-term investment.



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6. The amount you can afford to borrow – and the amount you feel happy borrowing.
7. The best type of mortgage and interest rate for your circumstances.
8. The way in which interest is calculated and how it could affect you.
9. How repayments should be made.
10. Whether lump sum payments can be made.
11. Applicable redemption penalties.
12. Whether buy to let insurance is included.
13. Other charges you may be required to pay.
14. The procedure should you become unable to make the repayments.
15. Tax implications of the mortgage.
16. Whether you will be able to refinance – and when.
17. The small print. Read the terms and conditions of your mortgage and make sure you understand how they apply to you - especially if your circumstances change and you want to live in the property.

And one last tip

Before you meet with an independent financial advisor and/or mortgage broker, put together a business plan. This will help them understand your financial and investment objectives, which will make it easier for them to find you the right buy to let mortgage.

Download our Buy to Let Business Plan