

First-Time Landlord Guide

Helping you to get started



Guide to becoming a *first-time* landlord

With so much information available online for first-time landlords, it can be overwhelming to know where to start. Here, we've compiled the most frequently asked questions we hear from prospective landlords and expert guidance on kickstarting your property investment journey.

*Here is everything you need to know,
but if you need more, speak to one of
our experts.*

Call us on 0345 345 6788
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I've never invested in property before – what experience do I need?

Most lenders like to see that you own your home as a minimum when looking to invest in a rental property, as it shows you already have some experience in the property market.

If you don't own your home, don't worry, as some of the more specialist lenders will lend to first time landlords who are first time buyers. However, the options are slightly limited, so you may be looking at a higher interest rate. In this scenario, the lender will look at your personal income and expenditure, as well as the rental income on the property when calculating affordability.

Will lenders look at my income?

All buy to let lenders will want to see some form of income on your application. This gives the lender some reassurance that you could cover the costs in the event of a rental void period or any other unexpected bills for the property.

Some lenders require you to earn a minimum income of £20-25,000 a year, while others have no minimum requirement.

What type of deposit do I need?

To access the more competitive buy to let mortgage rates, you'll need to be able to put down a minimum deposit of 25%. Some lenders may offer rates at 80% loan to value (LTV), meaning you put down a deposit of just 20%, but the interest rates you can access will be more expensive.

Can I live in my buy to let property?

Buy to let mortgages are not regulated like residential mortgages, meaning they are not made for you to live in the property. If you move into the property without speaking to your lender first, you will likely be in breach of your mortgage terms and conditions. That being said, some lenders may allow you to live in the property temporarily or require you to change the mortgage to a residential product. You must speak to your lender first to ensure you comply with your mortgage terms and conditions.

Should I invest in my own name or via a Limited Company?

There are many advantages of investing via a Limited Company, but they may not all apply to you. You should consider your current and possible future personal financial situation and plans for any additional property purchases.

Please speak to a professional tax advisor before making any property investment decisions, particularly when deciding if a Limited Company structure is correct for you.





How much can I borrow?

As mentioned, you will typically need to put down a deposit of 25%, so you could borrow up to 75% of the property's value. However, the right loan amount for you will vary and be determined by several factors, including your circumstances, the type of mortgage products, property value, property type and rental income.

Each lender has their own stress test against the rental income to calculate the maximum loan amount they will offer you. Our expert brokers are best placed to advise which lenders will allow you to borrow more per pound of rental income, therefore boosting your mortgage affordability.





What documents do I need to submit my application?

The documents you'll need to submit will vary by lender and the circumstances of your application, but typically, you will need to provide the following alongside your mortgage application:

- Proof of ID: Passport or Driving Licence
- Proof of address: This can be in the form of a utility bill or Council Tax bill
- Proof of income: 3 months' payslips if employed, or latest 2 years Tax Calculations and corresponding Tax Year overviews if self-employed
- Latest 3 months' personal bank statements: to show day-to-day living habits and outgoings
- Evidence of deposit: This will typically be a build-up of savings in your bank account

At MFB, our brokers will check your documents before submitting them to your lender to help ensure we get it right first time, saving you time and money.



What are the fees involved with a buy to let mortgage application?

Just like your home purchase or remortgage, there are a number of fees to be aware of when it comes to your buy to let mortgage application.

These include:

- Broker fees
- Legal fees
- Arrangement fees
- Valuation fees
- Stamp Duty Land Tax

You may choose to add the arrangement fees to the loan, but remember you will then need to pay interest on this for the length of the mortgage.

Why use a mortgage broker like MFB?

As you begin your property investment journey, you'll undoubtedly have many questions, from which mortgage product to choose and finding the right lender, how to vet your tenants, etc. Working with us means you can access as much support and advice as you need. With over 30 years of experience, the MFB team of experts are here to help with any property finance enquiries you have and can talk you through the mortgage application process. All experts in their field, our team are up to date on the latest industry news and legislation to help you make well-informed property investment decisions.

So, whether you've found your first investment property or still have some questions about being a landlord, our expert brokers are on hand to offer any support we can.

*Let's discuss your next mortgage.
Speak to an Expert.*

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ANY PROPERTY USED AS SECURITY, WHICH MAY INCLUDE YOUR HOME, MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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