

# First Time Landlord



*Your Guide*



Becoming a landlord for the first time can feel overwhelming, with so much information available online.

To help you get started, we've put together answers to the most common questions we hear from prospective landlords, along with expert advice to guide you on your property investment journey.

If you'd like further information, our team of specialists is always here to help.



## I've Never Invested in Property Before – What Experience Do I Need?

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Most lenders prefer that you own your home when applying for a buy-to-let mortgage, as it shows you already have some experience in the property market.

If you don't own your home, don't worry. There are specialist lenders who will work with first-time landlords, even if you're also a first-time buyer. While your options might be slightly more limited, we can help you explore the available choices.

In this case, lenders will assess both your personal income and expenditure, as well as the potential rental income from the property, to determine what you can afford.

## Will Lenders Look at My Income?

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Yes, all buy- to- let lenders will expect to see some form of income in your application. This reassures them that you can cover any unexpected costs, such as periods where the property might be vacant.

Some lenders require a minimum income of £20,000 to £25,000 per year, while others don't have a set minimum. We can help you identify the right lenders based on your circumstances.

## What Type of Deposit Do I Need?

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To access the most competitive buy- to- let mortgage rates, you'll generally need a deposit of at least 25%. Some lenders do offer mortgages with a 20% deposit (80% loan to value), but the interest rates for these products are usually higher.

We can guide you through the options to find the best deal for you.



## Can I Live in My Buy- to- Let Property?

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Buy-to-let mortgages aren't designed for you to live in the property yourself. If you move in without informing your lender, you could breach the terms of your mortgage.

That said, some lenders may allow you to live in the property temporarily or require you to switch to a residential mortgage product. It's important to speak to your lender first to make sure you're following the correct process.



## Should I Invest in My Own Name or Through a Limited Company?

There can be significant advantages to investing through a Limited Company, but this won't suit everyone. Your current financial situation and future investment plans should be considered carefully before making any decisions.

We strongly recommend speaking to a professional tax advisor to determine if a Limited Company structure is right for you.

# How Much Can I Borrow?



As a general rule, you'll need a deposit of at least 25%, allowing you to borrow up to 75% of the property's value. However, the amount you can borrow will depend on several factors, including the property value, type of mortgage, and expected rental income.

Lenders will stress-test your rental income to calculate how much they can offer. Our expert brokers will work with you to find the lenders that offer the most borrowing power, ensuring you get the best possible deal.

## What Documents Do I Need to Submit My Application?

The documents you'll need to submit may vary by lender, but typically include:

- **Proof of ID:** Passport or Driving Licence
- **Proof of address:** Utility bill or Council Tax bill
- **Proof of income:** 3 months' payslips (if employed), or the latest 2 years' Tax Calculations and Tax Year Overviews (if self-employed)
- **Latest 3 months' personal bank statements:** Showing your regular living expenses and outgoings
- **Evidence of deposit:** Usually shown through savings in your bank account

Our brokers will review all your documents before submitting them to the lender, ensuring everything is correct and saving you both time and money.

# What Fees Are Involved with a Buy- to- Let Mortgage Application?

Similar to buying or remortgaging your home, there are a few fees to consider when applying for a buy-to-let mortgage. These may include:

- Broker fees
- Legal fees
- Lender arrangement fees
- Valuation fees
- Stamp Duty Land Tax (SDLT)

In some cases, you may choose to add the arrangement fees to your loan, but keep in mind that you will pay interest on this amount over the life of the mortgage.



## Why Use Prestige Private Finance?

As you begin your property investment journey, you'll likely have many questions – from which mortgage product to choose and how to find the right lender, to understanding your responsibilities as a landlord.

When you work with us, you'll have access to as much support and advice as you need. With over 30 years of experience, our team of experts at Prestige Private Finance are here to guide you through the process. We stay up-to-date with the latest industry news and legislation, ensuring you have all the information you need to make informed decisions.

Whether you've already found your first investment property or still have questions about becoming a landlord, our dedicated brokers are on hand to offer expert support whenever you need it.