

Buy to Let properties

Considerations and implications for landlords

Important information: PLEASE READ THIS CAREFULLY

If you're thinking of buying a property to let, there are many considerations you should take into account before proceeding, some of which are detailed below. A professional qualified letting agent can advise you on how best to manage your property. It's important that the property is appropriate for the purpose and is properly managed afterwards. You should read the following points carefully:

Financial considerations

- Have you considered how you'll pay your mortgage if you have no tenants paying rent, or in the event that your tenants fall behind with their payments?
- Have you considered the likely costs of dealing with tenants who don't pay their rent or damage your property, including the costs of any court proceedings required to evict a tenant?
- Have you taken specialist tax advice about the implications of buying and selling a Buy to Let property, and the tax treatment of all income and expenditure from renting?
- Will you have sufficient savings and other forms of available capital after you've made this property investment?
- Have you investigated the operating costs of owning and letting the property e.g. ground rent, service charge, buildings insurance, contents insurance if your property is furnished, letting and management fees?
- Have you considered the costs of maintaining, repairing and refurbishing your property – these would include replacing a boiler, washing machine etc, fixing broken fittings, and periodic cleaning and redecorating e.g. when a tenant leaves?
- Have you allowed for furnishings and other start-up costs in your calculations?

- Are you aware that the value of your property could decrease as well as increase? At worst, the proceeds from the sale might be too low to repay the mortgage in full.
- If you're using a letting agent, have you assessed how much they'll charge you for their services?
- Will the rent left over after you've paid your running costs, be sufficient to meet your monthly mortgage payment?
- Have you considered the impact of an increase to your mortgage payments due to interest rate rises or when the initial interest rate finishes? You may not be able to recover the cost immediately from rent increases.
- Have you considered it may take longer to sell your property if you have to wait for the tenancy to end or if the property is only suitable for rental purposes?

Other considerations

- Are you aware of all the legal requirements and safety regulations for renting out your property?
- Have you considered using the services of an agent to let and manage your property on a day-to-day basis or will you do this yourself?
- Are you aware that you should obtain your own independent valuation report from a suitably qualified Buy to Let property professional?

This list is not exhaustive. If you're not sure please seek professional advice; your solicitor and a professional qualified letting agent can help.

YOUR PROPERTY MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

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