



# haart

## Financial Services

### The haart guide to buy to let

Considering buy to let? The haart guide to buy to let will provide you with everything you need to know before making your investment

[www.haart.co.uk](http://www.haart.co.uk)

## Sorting out your finances

- How much money have you saved to cover all your up front costs? These include a deposit for the house, legal fees, stamp duty, and survey fees.
- What can you comfortably afford to borrow? Make an appointment with a haart mortgage advisor to discuss what you can afford to pay back each month before you go house hunting.
- What do you earn? You will need to tell us and confirm it with your last three months pay slips and your P60 tax certificate for last year. If you are self-employed we need to see your trading accounts for the last three years. Also, how much rent do you expect to earn through the letting of the property?
- Can you show us proof of your identity? This is no problem if you are registered on the voters roll at your current address. If not you need to show us proof of your residency, such as a recent bank statement or utility bill sent to your current address.
- How much will you be able to borrow? When we fully understand your current income and expenditure we shall be able to tell you, based on the repayments you can afford to make.
- Which mortgage best suits your present and future needs? Our mortgage advisor will spend time discussing this with you before giving you a mortgage illustration, with full information about the repayment costs and any other charges and terms.

## Choosing the right property

- Do you know your market? You need to carefully research the area where you want to buy your property. You can either do this yourself or employ a specialist letting agent to help you. If you decide to do it yourself, you will need to speak to local estate agents, employers and the local authority. Local papers are also an excellent source of information about the demand for and supply of, rented housing.
- What type of tenant would you like to attract? Families will have different needs to couples and single people. The majority of tenants are working professionals, on company or overseas relocations. You need to make sure they are fully referenced. If you are using an agent make sure that you profile of the type of person that you wish to let your property to, at the same time you need to be mindful that the tighter you are with your requirements the longer it can take to find a tenant.
- What amenities are important to your tenants? Desirable properties will be conveniently located to public transport, shops, bars, schools etc and have parking facilities close by. When you are looking for a property, try to remember that it is not you who is going to be living there. Look at it with an objective eye and think about the property from a tenant's point of view.
- Is size important? You need to consider buying a property whose size is attractive to people looking for rented accommodation in that area. Also, is the property in good condition? A property that is well maintained will be much more in demand than one that is a run down. Therefore a newer property may be more suitable if you have limited time or no interest in DIY.

## Calculating your costs

- What will your costs be? As well as your mortgage payments, you will need to cover the following costs:
- Buildings insurance.
- If your property is furnished you may wish to consider contents insurance too.
- Costs associated with maintenance.
- Periods when you are receiving no rental income because the property is empty or the tenants have fallen behind with their payments.
- Increases in your mortgage repayments due to a rise in interest rates, which you may not be able to recover immediately from rent increases.

## Tax liabilities

- The profits from renting property are taxable but you will be able to offset some of the costs you incur as a landlord against tax. You will have to pay the following taxes – Income Tax, Stamp Duty (when you buy your property) and Capital Gains Tax (when you sell it).
- You can find out more about the tax treatment of income from rented property in Taxation of Rents: A guide to Property Income. IR150. Visit <http://www.hmrc.gov.uk/>

## Managing your property

- What should you charge? Your aim will be to cover your costs and make a profit. Bear in mind though that the rent shouldn't just be to cover the mortgage. If the lettings market is slow, you may not succeed in covering your entire monthly mortgage amount. Research the market conditions thoroughly as charging too high a rent will put off prospective tenants.
- Who will manage the property? When you have chosen your property, you will need to decide who will manage it for you. haart and our national partners can offer suitable services which can help your letting experience run as smoothly as possible. If you decide to manage it yourself, you will be responsible for:
  - Finding tenants.
  - Checking tenants' references.
  - Writing a tenancy agreement.
  - Collecting the rent.
  - Maintaining the property and any furniture provided.
  - Dealing with any problems.
  - Carry out repairs to the property.
  - Ensure the safety of gas and electrical appliances.
  - Ensure that any the furniture and furnishings meet fire safety requirements.

**To find out how haart can help you buy your home call 0845 899 9999 8am - 10pm weekdays**

Your home may be repossessed if you do not keep up repayments on your mortgage.

Our typical fee for arranging a mortgage is £495. The actual amount payable will depend on your circumstances.