

MORE NEW CHANGES TO BUY-TO-LET

Are you a landlord renting out four or more mortgaged properties?

If so, you need to be aware of the following upcoming changes – which mortgage lenders will be implementing between now and October 2017.



Be warned: These changes will have significant implications for you and your investment portfolio.



WHAT HAS CHANGED?

The Prudential Regulation Authority has advised that lenders must strengthen the so-called 'stress tests' they use when determining whether or not to grant mortgages to buy-to-let borrowers.

WHAT DOES THIS MEAN?

For landlords, this means that:

Interest rate rises will now be taken into account as part of your stress test



Your income will be much more thoroughly checked



You will need to supply a full spreadsheet detailing your property portfolio



WHAT MUST I EXPECT?

Simply put, you need to expect:

A greater paperwork burden



In-depth record preparation before applying for a mortgage



The end of quick, simple Agreements in Principle



When it comes to assessing your portfolio and minimum Rental Cover threshold, you will also need to take into account each one of the following costs:



Service charges



Council tax



License fees



Repairs



Management and letting fees



Ground rent and related costs



Electrical certificates



Gas certificates



Voids



Insurance



Utility costs

FURTHER SCRUTINY

Under the new rules, lenders will be closely assessing your experience in the market.

These assessments will take into consideration:

Any outstanding mortgages



Your personal assets and liabilities



The merits of any new lending



You should expect to have to provide:

Cash flow projections



Tax returns for all properties



Business plans



CONFUSED?

Understandably, these upcoming changes will make the mortgage application process longer, more complex and more confusing.

WHAT CAN I DO?

Get in touch with a specialist accountant today.

A dedicated tax adviser can help you to update your records, advise on how to prepare for your next mortgage application and assess whether other approaches – such as setting up a limited company – might be more tax efficient.



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