

**TOP TIP:** Make sure you have enough money in your savings account to cover at least 2 or 3 months' mortgage payments, should your property be empty at any point.

**TOP TIP:** Keep receipts and invoices for everything you buy for the property, including estate agent's fees, mortgage statements and all tradesmen's invoices as well as your agent's fees statements.

## Capital gains tax

Any rent you achieve, or profit you receive from selling an investment property (i.e. not your main residence) will be subject to unearned income or capital gains tax. However, there are steps you can take to minimise your contributions. Any outlays, such as the initial financial investment, property repairs, furnishing expenses and your agent's fees can be offset against the tax you pay. Make sure you consult a tax expert or a financial adviser before you invest to ensure you make the most of your tax advantages.

Buying to let can be a rewarding, profitable and achievable investment option – and we are here to help. If you would like more information about our Buy to Let Mortgage, please pop into your local branch and speak to one of our customer advisers. We look forward to helping you on the road towards becoming a successful rental property investor.

Ask about the Ulster Bank Buy to Let Mortgage at your local branch. Or visit [www.ulsterbank.co.uk/mortgages](http://www.ulsterbank.co.uk/mortgages)



## Beginners' Buy to Let Guide



[www.ulsterbank.co.uk/mortgages](http://www.ulsterbank.co.uk/mortgages)

This brochure is also available in Braille, large print, audio or on disk. Please contact your local branch for details or Textphone 0800 015 4422.

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 **Ulster Bank**

## Mortgages

# The Beginners' Guide to Buy to Let

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**Buying property to let out is an exciting investment to make. Social trends, such as the fact that more and more people are living alone, have meant that the rental market has increased substantially in recent years, with many more first time landlords. However, it's important to consider every aspect before you buy, which is why we have produced this short guide to help you decide if buying to let is the right investment for you.**

## Why buy to let?

Property can offer a great return over time compared to some other investments, often greater than the rate of inflation, although property prices can decrease as well as increase.

Buying for the long term with a buy to let mortgage gives you the opportunity to take advantage of rising property prices over a number of years, while the cost of owning the property is covered in full or in part by tenants' rent. Alternatively, some people invest the full cash price in a property, buying it outright and treat the rent as monthly income, while the cash invested in the property grows with the market. Generally, landlords invest for two different reasons – long term investment and/or income.

## Becoming a responsible landlord

Many new landlords choose to let their property through a property agent. This is sensible if you are relatively new to property letting. A reputable agent will find responsible tenants and gather proper character and financial references. The agent will draw up a legal contract for the tenants and is trusted to hold deposits. They can inspect the property on a regular basis, as well as collect rent on your behalf.

A good agent will ensure that the electrical and gas safety certificates are obtained and inform you of any licences you may need. They will also make sure your property complies with any relevant regulations. However, it is ultimately your responsibility to ensure that you have the correct buildings insurance policy to cover a rented property, and that the property is well maintained.

**TOP TIP: It's advisable to put part of the monthly rent into a savings account to cover the wear and tear costs that will ultimately arise. We can open an appropriate interest-earning savings account for you.**

## Choosing an agent

The best way of selecting a letting agent is to get personal recommendations from friends who either rent out property and are satisfied with the service they receive, or who are tenants themselves. For example, if you know tenants who have had face-to-face interviews with the agent and whose references were checked rigorously before they were granted tenancy, it's a good sign that the agent is thorough. Agents normally charge around 10%-15% of the monthly rent depending on the amount of responsibility you assign to them. Your agent will also advise you on the level of rent you might expect. Reputable agents may be accredited to the National Approved Letting Scheme (NALS) or the Association of Residential Letting Agents (ARLA). More information can be found at [www.nalscheme.co.uk](http://www.nalscheme.co.uk) and [www.arla.co.uk](http://www.arla.co.uk)

**TOP TIP: If you are intending to invest in more than one property, ask your potential agent if you can negotiate the monthly fee percentage down if you intend to put additional properties through them.**

## Selecting the right property

What may look like a bargain property might not always be a good investment. You need to choose a sound property in the area that will appeal to your target market. Young professionals will be looking for good commuter links to the centre of town, with shops and bars nearby. Equally, students will want to be within commuting distance of college or university. Families may well be interested in local schools. Nobody wants to live in a scruffy, poorly maintained property and these days, many tenants expect access to broadband or at the very least, a second phone line for a computer. Additionally, a neutral interior colour scheme is essential to attract the widest possible range of tenants. Ask yourself if the layout, interior décor and locale of your chosen property would appeal to the type of tenants you hope to attract. If your property needs work, be prepared to spend money to bring it up to scratch. Most importantly, research your competition – are there lots of two-bedroom flats lying empty in your intended area? Perhaps one-bedroom flats are more in demand and easier to rent out – and therefore a better investment.

**TOP TIP: Consult the experts. Before you buy, always speak to local agents to determine whether the area and property you're interested in will appeal to the local rental market. Additionally, furnishing a property can cost more than you think – ask your agent for a list of essentials and cost it into your budget.**

## Planning ahead

It might sound obvious, but the aim of letting is to ensure you minimise the periods when your property is empty. Consistent occupation is the goal. A good agent will try to ensure that any gaps between tenancies are minimised. Ask yourself if you can afford mortgage payments if your property was to lie empty for any length of time. You must also be prepared for the occasional irresponsible tenant – make sure you have enough money put aside to cover any repairs or replacements that might arise. A successful landlord should always be prepared for the worst. Having a sensible plan of action in place means the property can be re-marketed as soon as possible.