**Grow your portfolio: How to grow.**

Looking to grow your portfolio and expand into the buy-to-let market? Let us be the helping hand through your journey making everything as simple and smooth as possible. Buy-to-Let mortgages are different to regular mortgages and require a different type of mortgage. Here is a Brief overview of the Buy to let market.

**How Is a buy-to-let mortgage different to a regular mortgage?**

Buy-to-let mortgages are similar to regular mortgages, but they come with a few differences. Buy-to-let mortgages typically have a higher Loan-to-value rate, which is the ratio of the loan amount to the value of the property. The minimum deposit for a buy-to-let property is typically 25% of the property's value1. For example, if a house is worth £400,000, you would need to put down a deposit of £100,000, and the lender would provide the remaining £300,000.

One other difference between regular mortgages and buy-to-let mortgages is that the interest rates for a buy-to-let mortgage are higher than a regular mortgage. One other difference is that most mortgages are interest-only mortgages which means that you will pay only interest monthly and then at the end of the term will pay off the full capital. These are very uncommon with regular mortgages.

A regular mortgage lender before they loan will check similar properties in your area to see what the demand is like. If lenders see a similar property in the same area which has been on the market for a while it may affect their evaluation of your rental income. If you have a high income, then some lenders will take this into account and therefore lower their ICR requirements.

**What types of mortgages are available for a buy-to-let mortgage?**

When considering a buy-to-let mortgage, there are two main types: repayment and interest-only mortgages.

**Repayment Mortgage**:

A repayment mortgage involves making regular monthly payments over an agreed term until both the capital and interest are fully paid off. You can choose from different interest rate options, including fixed rate, fixed rate tracker (tied to the Bank of England), and variable rate.

**Interest-Only Mortgage:**

An interest-only mortgage is the most common option for buy-to-let mortgages. With this type of mortgage, you only pay the interest on the loan amount each month, without reducing the capital. The full loan amount is repaid at the end of the mortgage term.

**How can I find the most suitable mortgage?**

To find the most suitable mortgage, simply schedule an appointment with one of our representatives. We will provide personalised care to ensure you find the most suitable mortgage for your needs.

**We’re here to help you:**

Entering the buy-to-let market can feel overwhelming, but you don't have to navigate it alone. We’re here to provide the support and guidance you need. Our expert team offers personalised advice tailored to your financial goals, property preferences, and long-term objectives.

Get in touch with us today to learn more about the ins and outs of buy-to-let investments. Schedule a no-obligation consultation, and let us help you make informed decisions, maximize returns, and confidently step into the world of property investment. We're here to ensure your journey is smooth and successful from start to finish.

Please remember: YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE.

[PLEASE ADD YOUR BROKER FEE DISCLOSURE HERE]

References:

1. Experian(2024) *Buy-to-let mortgages* Available at: <https://www.experian.co.uk/consumer/mortgages/types/buy-to-let.html#:~:text=How%20much%20deposit%20is%20needed,who%20accept%20a%2020%25%20deposit>. ( Accessed 8 October 2024)

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