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**THE
BUY TO LET
BIBLE**

**BY
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Introduction

I started with nothing. I bought my first property when I was 24 with £500 and now, at the age of 29, I own 50 properties and earn an income in excess of £200,000 per annum. It's not difficult but it requires **DEDICATION, PERSISTENCE and DISCIPLINE**. If you lack any of the above, then forget it.

My dedication, persistence and discipline about being rich were not driven by money but by freedom - the freedom to do what I like when I like without worrying about my boss or my wallet. Freedom does not have to be your driving factor it could be a brand new Ferrari or private schooling for your children. Whatever it is, it's this that will keep you going. With the right properties, financial products and tenants, there is no doubt you will succeed, and this book will show you how to go about finding the right properties, financial products, tenants and more.

So why choose property? Why not invest in stocks and shares? The first reason is that property carries an inherently low risk factor. Houses will not go out of fashion or become obsolete like services or products. They are an essential for us all. That's why house prices have consistently doubled every 10-15 years over the last century. Coupled with the fact that monthly rental values rise with wages (which is a function of inflation) and that the mortgage payment is relatively fixed (only altering with interest rate fluctuations) the profit element always rises. In addition, after the mortgage has been paid the rent is all profit. That's why many people see investing in property as their pension fund.

The second reason is basic economics. With an expanding population, fragmenting families, an increasingly mobile workforce, fewer properties for sale and fewer council owned properties, **THE DEMAND FOR RENTAL PROPERTIES EXCEEDS SUPPLY**.

The third reason is an inherent attribute in all of us – we are lazy! To play the stock market properly requires lengthy research, ongoing monitoring and nerves of steel for the duration of the investment. That's why three out of four private investors lose money. When a property is set up properly, you just sit back and watch the money roll in.

I am a chartered accountant. I left employment when I was 27 to get into the property business and I must admit, the training I received in accountancy and more importantly, in business, has helped me in my success. However, the principles involved are not difficult to grasp. I bought my first property in 1996 for myself to live in, couldn't get used to it, and so let it out. I soon realised that the tenant was paying my mortgage as well as my beer money (about £120 per month), and it required minimal effort from me. I thought, "This is easy!" so I bought another one and did the same. 48 properties later... you get the idea.

So whether you are thinking of creating a multi-million pound property empire or simply buying the house next door to earn a modest secondary income, this book is for you. But before you get pound signs in your eyes you have to ask yourself: Is property right for you? There are four key questions you have to ask yourself:

1. Can I budget well?
2. Do I like and am I capable of dealing with people from a range of backgrounds?
3. Do I like property?
4. Am I a responsible person?

1. Can I budget well?



Are you the type of person who spends their wages before they are earned? Do you often use your overdraft facility and credit cards to fund your lifestyle? Do you make impulse purchases on the high street and then regret them later? Do you wake up in the morning after an evening out and wonder how you managed to spend all of the £100 that was in your pocket the night before? If this sounds familiar then investing in property is currently not for you. Investing in property could be an option at a later date but your spending has to mature. A mortgage is a legal commitment to pay a sum of money on regular set dates and breach of this commitment can result in damage to your credit files and could ultimately lead to bankruptcy.

Sometimes rent from several properties comes in cash on the same day. I might have £3,000 in cash in my pocket and it certainly gives you a feeling that you are £3,000 richer but you are not! You've got to pay the mortgage, service charges, building insurance etc. You have to be disciplined enough to bank the cash and not assume that *all* the rent is profit, which is surprisingly easy to forget.

2. Do I like and am I capable of dealing with people from a range of backgrounds?

The type of people you will be meeting with will be:

Tenants – They can be of any age over 18, from any profession, male or female, from any race or religion. Have you got any hang-ups about a certain group of people?

Estate and Letting Agents – Despite what people say about agents my experience with them is that they conduct themselves in a professional manner. They can be a bit pushy sometimes but you've got to expect that when dealing with people whose business depends on the sale or management of an asset worth many thousands of pounds. Are you easily persuaded? Can you stand your ground?

Solicitors – Usually very intelligent people. Can you convince him or her of your intelligence so that they don't keep you in the dark when you want to know what's going on?

Lenders – Your point of contact is normally a call centre operator. Are you able to keep your cool to extract the right information from the operator?

Mortgage Brokers – Again, very sharp people. Can you keep up with his calculations? Are you asking the right questions?

3. Do I like property?

There is absolutely no point in getting involved in property if you are not interested in property. Any successful businessman will tell you that if you are thinking of starting a business the first thing you've got to ask yourself is if you enjoy the business you are getting into. Do you believe in the product? Is the business you are contemplating something that your mind naturally wanders to? Is the line between work and pleasure blurred when it comes to looking at and maintaining property?

It is your interest in property that will ensure that you dedicate the correct amount of time in order for your property business to succeed.

4. Am I a responsible person?

You have many legal obligations to your tenant, lender and letting agent. Property is a serious business. You have to be aware of these obligations and be prepared to fulfil them. Failure to do so can have serious repercussions, including jail!

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WELL IS PROPERTY FOR YOU?

If you can answer yes to three out of four of those questions then you are basically ready for property investment. To be really good though, you need to work on the question you answered no to. If you answered yes to all questions then there is nothing to stop you from becoming a millionaire within the next 10 years, and that is fact. The most common type of business in the last 50 years that made people millionaires is either commercial or residential property.



1. THE FORMULA

The formula detailed below is the formula that has made me a millionaire in five years. The same formula has created many millionaires – it is nothing groundbreaking or original. Property is inherently a long-term path to wealth - that is the nature of property. If you have the patience to play the property market you will make money. I have to admit that my rapid acquisition in wealth is partly due to the property boom since 1996 but it is also sticking to the principles I created detailed in this book.

The formula is simple:

- **Find the initial investment** – Starting a business requires some initial capital, but getting into the property game is not as expensive as you think. It is possible to start with nothing! Chapter 2 deals with identifying your attitude to risk and inventive ways of raising your initial investment in order for you to purchase your first property. Once you've raised the initial investment you can progress to finding the right lender to finance the property you wish to buy.
- **Find the right lender** – In chapter 3 you will create a profile most suited to your personal circumstances and attitudes in order to find the right lender for you.
- **Find the right property** – In chapter 4 you will be able to easily identify properties that can give you a significant return on your investment. You will be taught what to look for when looking for a property, making an offer, how to identify properties with returns in excess of 25 per cent and whether or not to refurbish.
- **Find the right tenant** – Finding the right tenant is key to the success of your investment. In chapter 5 you will identify what tenant is best for your property, you and your lender and where to advertise. Chapter 5 will examine the benefits of credit checking, relationships between landlord and tenant and rent collection.
- **How to create and expand your portfolio** – How to own a multitude of properties by the secret of remortgaging and to keep your portfolio by adopting risk management techniques. Check out chapter 6.
- **Minimise Tax** – Chapter 7 deals with how to avoid (but not evade!) tax in connection with property.
- **Operate Legally** – Chapter 8 deals with all the legal aspects a landlord might face when investing in property. It covers the types of contracts you will enter into, the regulations governing residential letting property and the law in general.
- **Essential References** – Chapter 9 is a one-stop shop of all the addresses, phone numbers and web sites that relate to investing in property. This includes, amongst others, hotspot areas to invest in, lenders, insurers and accommodation projects.



2. THE INITIAL INVESTMENT

So, to become a professional landlord you need bundles of cash – false! A portfolio can be amassed from nothing or as little as £500, as I did five years ago. We have access to cash reserves that we do not even know about because we are not fully aware of certain financial products on the market.

The term ‘initial investment’ implies that starting capital is required. However, even though it is advisable to have an initial investment, it is not mandatory to set up a multi-million pound investment portfolio – no matter what business experts say. I’m sure you’ve heard many testimonies of multi-millionaires who started with a couple of pounds in their pocket. What made these people succeed was their attitude to risk. To become a millionaire in business you have to take a certain degree of risk. Otherwise, we would all be rich! However, I expect that many readers do not have the same attitudes to risk as the millionaires I have just mentioned. The beauty of property is that you can invest in property according to your own personal attitudes to risk.

Lets look at the risks in investing in property. There are three core elements making up the income & expenditure account - income being rent, expenditure being the mortgage payment and maintenance. All these three elements can be fixed if need be, and as long as income exceeds expenditure, you’re in the money! That’s right -guaranteed profit. There are financial products out there that can guarantee rental income, fix mortgage payments and fix maintenance expenditure.

Consider which risk class you fit in based on the table below:

RISK CLASS	INCOME	EXPENDITURE	
	Rent	Mortgage Cost	Maintenance Cost
1	Guaranteed	Nil	Fixed
	If only! This is the investor who has enough cash to buy a property outright, guarantee his income, never worry about maintaining the property and still earns treble what a bank or building society will offer him.		
2	Guaranteed	Fixed	Fixed
	This is the investor who does not have bundles of cash but is willing to borrow. However, he also wants to ensure that he will meet his mortgage payment and any maintenance costs. This is someone who is risk-averse and is not typically a handyman when it comes to household repairs.		
3	Guaranteed	Fixed	Variable



	This is a risk-averse investor, but he can do his own household repairs or is willing to take the risk on household repairs.		
4	Guaranteed	Variable	Variable
	This is an investor who accepts a fair degree of risk to interest rate fluctuations and household repairs.		
5	Not Guaranteed	Fixed	Fixed
	This is an investor who probably works and earns more than he spends in order to cover the mortgage and maintenance payments. Receipt of rental income is crucial, but not as crucial enough to meet the fixed mortgage and maintenance payments on <i>time</i> . Cashflow is not an issue for this investor in the short term.		
6	Not Guaranteed	Fixed	Variable
	Again this is an investor who works and earns more than he spends. However, he is also willing to take the risk of maintaining the property because he is a handyman or is just simply willing to take the risk.		
7	Not Guaranteed	Variable	Variable
	The risk taker. Here we have our future millionaire. His income is maximised because he obtains his rent in the open market, his mortgage payment is minimised because he sources the best-discounted mortgage product and he has taken full risk on maintenance hoping that nothing major will go wrong. This strategy is probably suited to investors who comfortably earn an income in excess of their spending. Cashflow is crucial.		

There are other permutations of this model but most people fall into one of the seven categories. The higher the risk factor you are, the more money you can make, but the key factor is whichever risk factor you are, you will make money.

The initial investment you require is completely determined by your attitude to risk. The lower your risk factor, the higher the initial investment will be. For example, an investor who falls into risk class 1 has to finance the whole purchase price of the property in order for him not to have to meet a monthly mortgage payment. Hence, he is not dependent on the punctuality of the tenants' rent payment. This way his investment in the property market is restricted to his savings in the bank. On the other hand, someone with a risk factor 7, with nothing in the bank, can borrow on an unsecured personal loan basis. He can then use this as deposits for a number of properties on a buy-to-let mortgage scheme and acquire a number of properties.



Let's look at a specific example:

Mandy with risk class 1 and £40,000 to invest

Mandy buys a property for £40,000 in Northampton. She guarantees her rent from a rental guarantee company, borrows nothing and pays for a maintenance insurance contract which covers the cost for all major incidental maintenance expenditure. Her monthly return is:

	£
Rent	450
Mortgage	0
Maintenance	25
Profit	425

Arnie with risk class 7 and £3,000 to invest

Arnie borrows £18,000 on an unsecured basis at 8 per cent APR over seven years and uses this to fund three properties for £40,000 each in Northampton on a buy-to-let mortgage basis at 85 per cent 'loan to value' at 6 per cent APR. This means that he has to put down £6,000 each on the three properties. **This adds up to £18,000** unsecured borrowings. The £3,000 that Arnie has goes towards professional fees on all three properties.

	1	2	3	Total
Rent	500	500	500	1,500
Mortgage (interest only)	170	170	170	510
Unsecured Loan (interest only)	120	120	120	360
Maintenance	0	25	50	75
Profit	210	185	160	555

Arnie earns more than Mandy but Arnie has a greater borrowing requirement. Currently this proves the principle that **BORROWING IS CHEAP**.

The reason for this is because the returns to be made from property are far greater than the cost of borrowing. Typically the return from property is around 20 per cent and the cost of borrowing is around 6 per cent at current rates. This assumes that you have chosen the right property, which this book shows you how to do in Chapter 4.

Taking this example further let's say property prices increase by 10 per cent over three years. Then the total profit made by each investor by way of rental profit and capital appreciation profit over the three years is:

	Mandy (Risk Factor 1) £	Arnie (Risk Factor 7) £
Rental Profit (36 months x Monthly rental profit)	15,300	19,980
Capital Appreciation	4,000	12,000

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(10 per cent x total cost of properties bought)		
Total	19,300	31,980

Comparing these two investors shows that Arnie who started with £3,000 has earned 66 per cent more than Mandy who started with £40,000! Looking at the actual return from your initial investment being:

$$\frac{\text{Profit} \times 100}{\text{Initial investment}}$$

Then the returns for each investor are:

	Mandy (Risk Factor 1)	Arnie (Risk Factor 7)
Total Profit (from the table above)	19,300	31,980
Initial Investment	40,000	3,000
Return on Initial Investment over 3 years	48%	1,066%
Return on Initial Investment averaged over 1 year	16%	355%
Return on Initial Investment if deposited in a high interest building society account (current Bank of England base interest rate)	5%	5%

You can see that both investors have made returns in excess of any high interest building society account. You can also see that Arnie has made phenomenal returns far in excess of most investment funds or even technology stocks at their peak. The best thing is that you are investing in property, which all of us have some degree of understanding in, rather than a stock which you know little about and have to rely heavily on the financial press and tipsters.

But an even more important principle than the one above is that **WHATEVER YOUR ATTITUDE TO RISK IS, YOU WILL MAKE MONEY!**

The reality is that in the last three years we have seen average property prices grow by 10 per cent every year rather than 10 per cent over three years. This equates to 33 per cent capital appreciation over the three years. Thus the annual return from property over the last three years for both investors was 24 per cent and 662 per cent respectively. This example gives you an indication on how I have amassed great wealth through property as any money invested has grown by over six times each year because I have a risk factor of 7. So every £1,000 I invested was worth £6,620 in year 1, £13,240 in year 2 and £19,860 in year 3.



In the reference chapter you will find all the providers for guaranteed rent, buy-to-let mortgages and maintenance insurers and contractors.

Now once you've decided what risk factor you are this will determine how much initial investment is needed. Assuming a property is at a purchase price of £50,000, the following initial investment will be needed:

RISK FACTOR	INITIAL INVESTMENT (£)
1	51,000
2-5	8,500-50,999
6	1,000
7	Nil

This assumes a 15 per cent deposit for the mortgage and £1,000 fees for solicitors, valuations and the initial void period when waiting to find the right tenant. Risk factor 6 investors borrow the initial deposit and risk factor 7 investors borrow the initial deposit and associated fees by way of secured or unsecured borrowings.

Raising The Initial Investment

So you've decided which risk factor you are and this has determined how much initial investment is required. How do you then go about raising the initial investment? The following table ranks in order the 'cost' to you starting with the cheapest first, the cost being the effective interest rate being paid on the initial investment as a result of your choice of investing in property. BOE means current Bank Of England base rate in the table below.

Source	Cost	Narrative
Personal Assets	0%	Assets that are no longer being used but have some resale value. This may be jewellery, cars, furniture, pieces of art, electrical equipment etc. The cost is nil as the assets are not being used but they could be used to realise some cash in order to invest. Look in the garage or attic - you may be surprised! Think about it like this – you're trading in your Ford now for the Ferrari in five years time!
Savings	BOE Base Rate	You may have savings in a deposit account or cash ISA. If you use this money the cost will be the lost interest that would have been earned if you had left it in the account.
Endowment Policies or Company Shares	BOE Base Rate + 3%	You could surrender an endowment policy or liquidise a current share portfolio to raise the cash. I recommend you talk to your financial adviser and stock broker before taking this action as you could be better off holding out on some of these policies or shares. But it could be time to let go of some poorly performing stocks and enter the property arena as so many of the share market investors are doing now. The cost of this on average is equivalent to the average return the stock market delivers. This, of course, will be different depending on the type of policy or stocks you hold.



<p>Borrow from Family</p>	<p>BOE + 4%</p>	<p>You may have a family member who has cash sitting in the bank and is willing to lend it to you. You can offer them a better rate of return than any deposit account could. If he or she is a close member of the family they may lend it to you for 0%, but if you proposition a family member offering BOE+4% you might get quite a few more positive responses than expected.</p> <p>You could access your inheritance early, as many families do, to avoid inheritance tax. As long as the donator lives seven years beyond the date of the gift there is no inheritance tax to pay and is thus beneficial to both parties. A family member may be more willing to give you assets if you are proposing to invest it further rather than to just simply squander it on a new car or holiday.</p>
<p>Secured Borrowings</p>	<p>BOE+2-7%</p>	<p>To do this you must already own a property. The cheapest way to do this is to remortgage the whole property and release the equity tied up in your home. It pays to shop around. A good mortgage broker could probably beat the current rate that you are paying now and even reduce your monthly payments whilst still raising you some cash on top.</p> <p>The other way is to get a second charge loan where you keep your existing mortgage and borrow on the remaining equity on the house. You've probably seen the TV ads promising you a new car or holiday just from one phone call. Well forget a new car or holiday – we're going property hunting!</p>
<p>Unsecured Borrowings</p>	<p>BOE+2-15%</p>	<p>The cheapest way to do this is by transferring a current credit card balance to a new credit card with introductory rate offers. You draw out as much cash as you can on your current credit card and then apply for a credit card that has a low introductory rate for balance transfers until the balance is cleared. Once your new credit card has been approved you transfer your existing balance on your old credit card to the new credit card at the introductory rate, typically BOE+2%. This rate is fixed until you clear the balance.</p> <p>You may, however, not get this new credit card. The other way is to draw down the cash on your existing credit card at the credit card rate. This can be expensive but if the property you have found has a high income yield you could use the cash on a short term basis, say one to two years, and use the profits to clear the credit card balance.</p> <p>You may be able to arrange an overdraft with your</p>



		<p>bank or a personal loan at around BOE+6%. You need to speak to your bank manager.</p> <p>You can also go to other unsecured lenders but there are high arrangement fees and the interest rate can even go up to BOE+35%! You need to shop around but I would advise steering clear of anything with an interest rate higher than 25% unless you are really desperate and the property you have found has a very high income yield.</p>
Get a partner	Dependent	<p>The other way to raise the cash is by taking on a financial partner. This means that the financial risk is borne by the partner but you end up doing all the work. The partner will be entitled to a share of your profits and you will not be free to do what you want with the property. Equating the cost to you will depend on how successful the property is as the cost will be the share of profits made. Even though this is the most expensive way to finance a property business it can also be the cheapest way if the whole project fails as your partner has taken the full financial risk. If this is the only method you can use to get into property I would still advise taking on a partner as you will still be participating in a share of the property market.</p>

This is not an exhaustive list. You may have other good ideas for raising finance but if you can't raise the finance the project can't go ahead. It's as simple as that. The only other way is to change your attitude to risk. This means being willing to take a bigger risk and hence increase your risk factor thus reducing the initial investment needed. Greater borrowings will be inevitable.

I raised my initial investment by saving as much of my salary as I could. While my colleagues were spending everything they earned on high rents on apartments, expensive holidays and designer clothes I saved my money by living in one room in a shared house, holidaying in the UK and wearing unbranded clothes. After five years I live in a large detached house with swimming pool, holiday abroad three times a year and wear only designer clothes. You need patience and a medium to long-term vision if you truly desire to have enough wealth to live the lifestyle you want.

If All Else Fails

If you are struggling to find the initial investment there are still two further tricks you could consider:

1. Get a 100 per cent loan to value residential mortgage
2. Create vendor deposit

Get a 100 per cent loan to value residential mortgage

There is still one way you can acquire a property if you are a first time buyer. There are certain lenders that provide 100 per cent residential mortgages that are free of fees. This



means the lender funds the whole purchase of the property and pays for all the valuation and solicitor fees.

This product is for residential purposes only. However, you can make the application with the intent to live in the property but then inform the lender when the purchase completes that you intend to let it out now as you have changed your mind. Some lenders don't mind and simply charge a letting fee of £50-£100 per year. Some lenders, usually building societies, charge additional interest, typically two per cent, on the loan. You have to look at your figures very carefully to ensure the rent can cover the 100 per cent financing plus the additional interest if need be.

A list of 100 per cent fee-free lenders can be found in the reference chapter.

Create vendor deposit

This is where you basically get the vendor to pay your deposit! This is best explained by following the example below:

Gavin wishes to buy an investment property for £54,000 but he only has £3,000 to invest. The minimum deposit he needs is 15 per cent of £54,000, which equals £8,100. You may think he cannot go ahead. However, if he got the vendor to inflate the purchase price to £60,000, then the deposit required is 15 per cent of £60,000, which equals £9,000. If he got the vendor to contribute £6,000 and Gavin contributed £3,000, with the total contribution being £9,000, then Gavin can purchase the property. Everybody's a winner.

The vendor gets:

£60,000 - £6,000 = £54,000
The inflated price Vendor contribution Original asking price

Gavin gets an investment property costing £54,000 for £3,000 initial investment.

This trick is completely legal but relies on the property being valued up to £60,000. This is likely because of three reasons:

- **Valuers do not like to down-value a property**, unless there is something wrong with it! If they think the purchase price is only slightly higher than what it is worth they will always value it at the purchase price. This is because the valuer knows that valuations are not an exact science. Valuations are based on what people will pay for a property and he will assume that if you are willing to pay £60,000 then the property is probably worth £60,000. A 10 per cent gross inflation of the purchase price is not a lot considering you are only talking about an inflation of £6,000. For higher value properties (greater than £200,000) I would suggest a five per cent vendor deposit contribution as a £10,000 purchase price inflation could be contested.
- **You may be getting a bargain property**, i.e. the property is worth £60,000 but you are actually getting it for £54,000, hence it values up to £60,000.
- **Valuers are under pressure to value properties at the purchase price**. Lenders make money by lending money. If they instruct a firm of valuers that keep on down-valuing properties, then it becomes difficult for the lender to lend and hence make money. The more the valuer values property at the purchase price the more money the lender makes. Especially in the current rising property price conditions, even if the valuer thinks that the purchase price is one per cent or two per cent inflated he will assume that it will reach the valuation in a few months anyway.

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There are tax issues. The vendor has to declare the inflated sales price to the Inland Revenue and thus will have to pay more capital gains tax as his gain is deemed to be higher. For the vendor this may not be a problem as the Inland Revenue gives you an allowance in excess of £7,000 for a capital gain. If this inflated price does not take the gain above this allowance then there is no increased capital gains tax to pay.



3. FINDING THE RIGHT BUY-TO-LET MORTGAGE PROVIDER

If you are funding the whole purchase of the property yourself then you can skip this chapter as it deals with obtaining further borrowings to finance the property purchase.

A buy-to-let mortgage is a relatively new financial product, emerging onto the market in 1995, which allows anybody to purchase a house or flat with the intention of letting it out. This product allows you to borrow the finance needed to buy the property based on the rental income generated rather than your actual personal income. As long as the rental income is greater than 130 per cent of the interest payment you could purchase the property.

Typically you need 15-25 per cent of the purchase price as a deposit, so for a £40,000 purchase price you would need between £6,000 and £10,000 and the lender would fund the other £30,000 to £34,000. A higher deposit is needed relative to a residential property – typically 0-10 per cent, as the property is not owner-occupied and the lender's mortgage payment depends on a suitable and reliable tenant being found. Hence this presents a higher risk to the lender. If they ever had to repossess the property they would only need to achieve 85 per cent of the purchase price. This may only be the true market value of the property after it has been tenanted or if there is a property slump at the time of repossession.

WHAT'S BEST FOR YOU?

The most suitable buy-to-let mortgage for you depends on the following factors:

1. Your initial investment
2. The purchase price
3. The type of property
4. Your personal credit history
5. Your attitude to risk
6. The degree of aftercare
7. Duration of borrowing and maximising cashflow

Your initial investment

The initial investment dictates the maximum purchase price. This is best explained in an example:

Investor A has £7,000 to invest. He assumes £1,000 for professional fees and the initial void period leaving a £6,000 deposit. Considering that the maximum loan to value is 85 per cent the greatest purchase price is:

$$£6,000/0.15 = £40,000$$

So the maximum he can borrow is £34,000. So the following formula holds:

$$\frac{(\text{Initial investment} - \text{professional fees})}{\text{Deposit required}/100} = \text{maximum purchase price}$$

It is crucial to calculate the maximum purchase price so you know what you can afford to buy. There is no point looking at a property that is in excess of this maximum as no lender will lend in excess of 85 per cent LTV. It is also important to ensure your maximum purchase price is in excess of the lenders minimum purchase price – see below.



The purchase price

Almost all lenders have a minimum purchase price. The minimum purchase price starts at £6,500 and rises up to £75,000 for certain lenders. If your purchase price is below their minimum purchase price then the lender will not consider you under any circumstances. So the purchase price can dictate the mortgage you can get.

The type of property

Lenders have certain exclusions based on the type of property it is. The key exclusions are:

1. **Studio Flats** – These are flats that have one main room that is used as a lounge and bedroom, plus a kitchen and a bathroom. They are excluded, as they can be difficult to sell if there was a property price slump.
2. **Ex-Local Authority Houses & Flats** – These are properties that were once owned by the local council and subsequently sold on to private people. They are excluded, as they are associated with the lower end of the property market.
3. **Flats above commercial properties** – These are excluded as the commercial property below could be let out to an Indian or Chinese take-away at some later date. Because of the smell of the food it would lead to a decline in the market value of the property.
4. **Flats with more than four storeys** – These will be considered as a high-rise block and at the lower end of the property market.
5. **Multiple Title properties** – These are properties where a freehold exists with a number of long leases and you are trying to buy the freehold. An example of this is a block of flats.
6. **Non-standard Construction** – If a house is not built with bricks or does not have a pitched tile roof it is deemed non-standard. For example, some houses may be constructed from poured concrete. Despite being perfectly fine houses, lenders may consider these properties inferior to the standard construction properties.

The type of property can dictate the mortgage you can get.

Your personal credit history

What the lender is trying to establish is – are you a good bet? They will need to know that they will get back their money plus interest with the minimum of effort. They will need to establish whether you are creditworthy.

There are two main credit reference agencies that all lenders consult before they make any lending decision, Experian and Equifax. They record a number of details about you based on your current and previous addresses in the last three years, namely:

1. **Electoral roll** – Details of whether you are on the electoral roll as some lenders require you to be on it before they can lend.
2. **County Court Judgments (CCJs)** – These arise when a debtor has taken you to court to enforce payment of a debt and the debtor won the case. The court holds this information for six years from the date of the judgment. They also record if you subsequently paid the judgement.
3. **Individual Voluntary Arrangements (IVAs)** – This is where you have become bankrupt and unable to pay your debts. Once you have been made bankrupt and the debts have been settled then you become a discharged bankrupt. Only once you have been discharged can you have any hope of obtaining credit again. You are automatically discharged after six years.



4. **Credit accounts** – These are all your loan accounts that have been active in the last six years and whether you have ever defaulted on them. Typical accounts are your mortgage account, credit and store card accounts and personal loans.
5. **Repossessions** – Details of any house repossessions that have ever occurred.
6. **Previous searches** – These are previous credit searches by other lenders that you have made a credit application with.
7. **Gone Away Information Network (GAIN)** – This is where you have moved home and not forwarded on the new address and not satisfied the debt.
8. **Credit Industry Fraud Avoidance System (CIFAS)** – This is where the lender suspects fraud and just flags it up. You cannot be refused credit based on a suspicion.

Your credit file dictates the mortgage you can get. The key factors are CCJs or defaults. If you have any CCJs or defaults (points 2 & 4 above) you will be restricted to adverse credit lenders who charge higher arrangement fees and interest rates. If you have an IVA, repossession or GAIN on your file it is unlikely you will get a buy-to-let mortgage but you will still probably be able to get a residential mortgage depending on when you had debt problems. It is worth noting that the buy-to-let mortgage market is further developing and a suitable product may come on to the market soon.

There is one key thing you should remember when filling out your form – do not lie! If lenders find out they will demand repayment in full and they could inform the police of fraud – the charge being obtaining finance by deception. The credit reference agencies are becoming more and more sophisticated. They log every bit of information you put on every credit application and if you submit an application that was slightly different from a previous application they will flag it up.

Your attitude to risk

As discussed earlier, your attitude to risk is key to the level of exposure you want to have over events that are out of your control. When it comes to mortgages the only real risk is the interest rate. There are only two categories of type of interest rate – fixed or variable. There are various sub categories of this in the table below:

	Type	Narrative
FIXED	Fixed	This is for the low risk-taker. It ensures that the monthly mortgage payment is fixed for a period of time, usually between 1-10 years.
	Capped	This is also for a low risk-taker. It ensures that the mortgage payment never exceeds a certain amount but if interest rates fall then your mortgage payment can fall. No downside risk and only upside potential!
VARIABLE	Tracker	This is where the interest rate being charged follows the exact rate being set by the Bank of England + a buy-to-let interest loading, typically 1-2%. You are fully exposed to the Bank of England interest rate fluctuations.
	Discount	This is where the initial interest rate is discounted by 1-4% for a specified period of time. This could be a discount on a tracker or a standard variable rate. You are exposed but because there is a discount in place you don't feel the fluctuations quite as badly.

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	Stepped	This is where the discount is reduced over a number of years. So you would be entitled to a 3% discount in year 1, 2% discount in year 2 and 1% discount in year 3 for example.
	Variable	This is just the standard variable rate set by the lender. Your mortgage payments are fully exposed to interest rate fluctuations.

You have to be careful of the tie-in/lock-in periods that may exist with all these products. These are the minimum periods that you have to remain with the lender without incurring financial penalties if you wish to redeem the loan because you want to sell or remortgage the property.

Some lenders provide all the mortgages above and some lenders only provide some of these mortgages. The type of mortgage you want dictates the lender you have to approach.

The degree of aftercare

Some people require face-to-face contact with their lender. If this is so, then you can really only approach high street banks and building societies. There are many lenders who do not talk to the public and only liaise with your mortgage broker. Personally I don't mind not having face-to-face contact, as my mortgage broker is quite efficient in handling my queries.

Duration of borrowing and maximising cashflow

The duration of the loan needs to meet your own personal criteria. This depends on your age, personal goals and cashflow. You may wish to own the property outright by a certain age. This means that you require a mortgage that is less than the normal 25-year period or a flexible mortgage where the interest is charged daily and can be settled whenever you want.

You may require an interest only mortgage rather than a repayment mortgage so that your monthly payments are lower. This will maximise your cashflow. Not all lenders provide flexible or interest only mortgages so if this is what you require it will limit your choice.

Typical profile

So after considering the seven factors dictating the type of mortgage you can get, you can build a profile that looks like this:

Factor	Profile
Maximum purchase price	£50,000
The purchase price	£45,000
The type of property	Private one-bedroom flat standard construction
Your personal credit history	Clean
Fixed or variable?	Fixed capped (no lock-in period)
The degree of aftercare	High street bank or building society
Duration of borrowing and maximising cashflow	25 years & interest only

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With this profile you can approach a mortgage broker and he/she will be able to source a lender that meets your profile. I would advise that you make an application with a lender before you find the property so that when you do find a property you can act quickly if need be.



4. FINDING THE RIGHT PROPERTY

So you've got the finance in place, now you need to find the property. This is the most important decision in the whole process. It is the property you choose that dictates your success. There are many properties on the market but less than one per cent are worth buying.

During the whole property investment process there is only one figure you can ever be in control of – the purchase price. If the price is too high, then you can walk away. You only ever become involved in the whole property purchase process when the price is right. But what is the right price?

There is a rule of thumb that I always apply when looking for a property to invest in - I call it the rule of 12. It's very simple to remember when looking at properties.

Lets assume the purchase price is £45,000. Knock off the two zeros at the end (in effect, divide the purchase price by 100) and you arrive at £450. This then determines the monthly rental figure that needs to be charged to obtain a 12 per cent gross yield. Gross yield is defined as:

$$\frac{\text{Annual rental income}}{\text{Property purchase price}} \times 100 = \text{gross yield}$$

If you can achieve a 12 per cent yield, then go for it! Speak to letting agents or look in the local press for typical rental values for the area that you are looking at. This yield is also stated as a payback period – the length of time it would take to own the property if you reinvested all the income earned to replenish your savings. You would calculate it as follows:

$$\frac{1}{\text{Gross yield}/100} = \text{payback period}$$

So in this example the payback period would be 8.33 years.

12 per cent is a like-for-like comparison to a bank or building society rate. So if your bank is offering four per cent you know that you can earn three times as much from investing in property. But this assumes that you have funded the whole property purchase out of your own funds. Usually this is not the case. When you borrow to finance the purchase the returns are significantly higher as highlighted in the previous chapter.

When you become familiar with an area and its rental values, then you know when a property is a bargain. If typical rental values for a one-bedroom flat are £500 per month, then you instantly know if you walk past an agent's window and there's a flat advertised for £46,000, that you are going to get in excess of 12 per cent so it's worth an enquiry.

If, however, flats in the area are rarely priced under £70,000, then forget that area! You are not going to make any money there. It is the price that will dictate the area. Forget LOCATION, LOCATION, LOCATION, it's PRICE, PRICE, PRICE! This is because you are looking for a property to *invest* in rather than to *live* in.

It's surprisingly easy to manage a property outside your area once the property is set up right. There are many areas that offer you a return of 12 per cent and greater. Areas like these I call



hotspots. In the reference chapter is a list of all the hotspots I have identified with their gross yields of 12 per cent and greater.

What about capital appreciation?

Capital appreciation is the amount the property rises in value over time. I never include the gains by capital appreciation in my calculation of yields because it is an unknown figure at the point you make the investment. If there was any certainty of the capital appreciation of a property then the purchase price of the property would include this gain. As there is a lot of uncertainty over capital appreciation because of the numerous variables involved, it is very difficult to predict when house prices will rise. Remember, the gain is only realised when you sell the property and the difficult thing with any investment is knowing when to get out and sell.

I see capital appreciation as a bonus. I focus on the investment as it stands. If it makes money now it will almost certainly make you money in the future. If the property prices crash, who cares! You are still making money as the rent rises with inflation and the mortgage payment is still the same. If property prices soar, great! You can realise that equity by remortgaging or by selling and buying further properties! This way there is no downside risk and only upside potential.

Admittedly there is a lot of money to be made in capital appreciation speculation but this should be left to the professional property investors. They have the time to research the market and can stomach the loss if there is a property price crash.

How to achieve a higher return of 12 per cent

I have a property in Harlow, Essex that is a five-bedroom, two-bathroom property. I used to let it out to a large family - husband, wife and seven children! I was achieving around 12 per cent return and I was quite happy. I thought they would stay there for a long time, as there is a real shortage of five-bedroomed properties to rent, let alone buy. However, in business nothing is guaranteed and they decided to move out. So I readvertised the property and an accommodation project approached me.

An accommodation project is a non-profit organisation, usually a charity or local government-funded body that assists the homeless in the town or city they are based. They suggested to me that they would like to convert the property into five single units for people on housing benefit and they would handle the management for no charge. The conversion costs were minimal, simply installing independent locks on the door, providing cheap single beds in each room and basic kitchen appliances.

They said I would be able to charge on average £70 per week for each room, which equated to £1,515 per calendar month. I compared this to what I was originally getting of £600 per month and thought I should give it a go. I had to pay all the utility bills and council tax but even after that my net profit was set to increase fivefold. I've been running this scheme for over a year now and I have never looked back. I even converted another one of my two-bedroom properties into a three-bedroomed place (converting the living room into another bedroom) to cash in on such a scheme.

It has not been without problems though. The five-bedroom place is let to five guys of all ages and they can be quite boisterous. I have had complaints from the neighbours and environmental health but they haven't closed me down yet. The property requires more time and effort but that is expected considering the high yield that one is obtaining.



If you consider this type of property, go for a property that can have four lettable rooms. This could be a four-bedroom property, or a three-bedroom two-reception property (converting one reception room into another bedroom) and see if you can get two bathrooms (even if one of the bathrooms is a shower room). I would set the yield required at 33 per cent. This means that you would need £20,000 rental income for a purchase price of £60,000. For example, if the property had five rooms then you would require an average room rate of £77 per room (£20,000/52 weeks/five rooms). Expect to visit this property every fortnight to make sure nothing has been damaged or there are no other people staying round other than the tenants.

A list of accommodation projects can be found in the reference chapter. I would suggest you speak to them before entering into a venture, as they will be able to assess the likely demand and typical room rates.

Refurbishment

Should you refurbish a property? If you are new to the property game I would advise you not to. It is time-consuming, easy to be conned by builders, stressful and you lose money while the property is unlet. When viewing a prospective property, if it has had the kitchen or bathroom ripped out, forget it. By the time you have refurbished it you would have spent at least £5,000 in repair costs and interest and you would have built up an affection for the property. It will take you a long time to recoup the money and because you have invested a lot of your time on the property you may be too choosy over the right tenant to move in. I mean, do you really want to be sacrificing your evenings and weekends refurbishing a wreck? No! You want to be on the high street spending all that money you're earning from making the right property investments.

If you are a bit experienced, have the time and can afford the initial negative cashflow, then a good return can be had if the property is very cheap. As a rule of thumb I'm interested in properties such as these if they can provide a return of 24 per cent or greater. Here you are paying less than £20,000 for a rental value of £400 per month. Always remember to double all initial budgeted refurbishment costs as experience shows that other problems emerge.

What to look for when viewing a property

Do not believe the myth that a property is only worth buying if you could see yourself living there. The fact is that you aren't going to live there so what is the point of asking yourself if you could live there? You should ask, 'Would *someone* live here?' In a high demand area people will live in a house as long as it has running hot water. I'm sure you've heard the horror stories from people living in London. I knew of 16 Australian and New Zealand backpackers sharing one room! I wouldn't live there, but the landlord found 16 people who would! You have to assess the demand.

The best way to assess the demand is to put a rogue advert in the local press. Place an ad before you own any property in that area for a property at market value rent. See how many calls you get. If you get one or two calls then forget it. However, if you get 40+ calls then you know you've hit a hotspot. I have a few properties in Harlow, Essex and I placed an ad for one of my properties at slightly above market value and I had at least 40 calls and the property was let within two hours of the paper coming out.

When viewing a property check for:

Carpets	You have a legal duty to provide floor coverings. If there are no carpets then you will have to pay for new ones.
Kitchen	Is the kitchen big enough to accommodate a small dining table?

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	This is attractive if there is only one reception room and it turns the kitchen into a kitchen-diner.
Smallest bedroom	If the smallest bedroom is smaller than 6ft 6" in any direction then it is not a bedroom! You need to be able to get a bed in a bedroom hence this room can only be considered as a study or a baby's room. You need to consider this when considering what type of tenant you are looking for. If you are looking for two professional people to share a two-bedroom flat then the second bedroom must be bigger than 6ft 6".
Bathroom	Is there a fitted shower? A bathroom is a lot more desirable if there is a power shower. If there are two bathrooms then the property is very desirable, even if it is only a shower room.
Heating	Is the heating system old? This can be costly to replace. If possible get it checked prior to purchase. It is your legal duty to provide heating and to issue a gas safety record.
Electrics	Are the electric sockets old? This will tell you that at some point the whole electric system will need rewiring.
Service charges	If it is a flat you will have to pay service charges. Ask the agent if he has any details of the service charges. Some places have exorbitant service charges that render the whole investment unprofitable. Avoid listed buildings as they have frequent redecoration policies that can be expensive.

If the property is in a reasonable condition then buy it. If demand is good there should be no problem letting it out as long as the property is in reasonable condition.

MAKING AN OFFER

If you suspect that there will be a lot of interest in the property because it is cheap, do not be afraid to simply offer the asking price. This way there is no to-ing and fro-ing, the deal is done on the day and the property is removed from the market. If the agent gets the asking price, there is no need for them to show the property to someone else.

If you've arranged your mortgage, give a copy of the acceptance letter from the lender to the estate agent. This will convince him that you can act quickly, you are serious about buying the property and you are not just someone off the street who has just seen this property and thinks they can make some money out of it without giving it much thought. If you can show him your bank statement as well which proves you have the deposit then do so. Anything that will convince the estate agent that you are serious will make him unlikely to show the property to someone else.

If you suspect that demand is not high for the property but is still a sound investment then ask the agent how long it has been on the market. If it's been a while then go in low. I would say 75-80 per cent of the asking price. Ask the estate agent, 'Has it ever had an offer? What offers have been refused?' Then you will be able to gauge your entry offer. This is assuming you believe the agent! If you have built up a relationship with an agent this should not be an issue, but always be aware.

Always remember the rule of 12 when negotiating. Do not get carried away with the negotiations and put in an offer that breaks the rule of 12.

When the offer is accepted they will almost certainly ask you for your solicitor's details. Have your solicitor arranged prior to placing an offer. Simply inform a solicitor that you will be using



them for a future purchase. The agent will then write to your solicitor to confirm the sale and the solicitor will instruct you what to do from then on.

You have to be patient when buying properties. Under normal circumstances the purchase should take no longer than eight weeks from the date your offer was accepted. There are many things that can go wrong with a purchase and sometimes there is nothing you can do about it but sit back and wait. I have listed some of the things that can go wrong and what, if possible, you can do about it:

What can go wrong	What to do about it
Vendor withdraws property from market.	If the vendor has decided to keep the property there is nothing you can do about. If he has decided to sell to someone else then find out the selling price and go in even higher. If the property is worth more then pay it! Remember, don't forget the rule of 12.
Survey fails or surveyor undervalues the property.	Find out what it failed on. Ask the vendor to remedy the problems. Do not, under any circumstances, offer to contribute to the cost of any remedial work. This is because after he has remedied the problems he may not sell to you and you will find it difficult to get your money back. If the property has been undervalued it is difficult to persuade the valuer to value it up but it is worth a try. Consider approaching another lender for revaluation or contributing the difference in the purchase price and the valuation.
The mortgage company require further documentation at the last minute but you do not have the documentation or it will take a long time to get it.	Kick up a fuss! If they've approved your mortgage but then want further documentation they should have asked for it earlier. Threaten to complain to the Financial Services Authority (FSA). If all else fails try to get a compromise, i.e. if they want your mortgage statement to prove you have kept up to date on your mortgage payments in the last 12 months, offer them your bank statements for the last 12 months.
The flow of documentation between solicitors is slow or nonexistent.	Ring your estate agent and get them to chase for you. The agent's wages depend on the sale of the property so he will have an interest in the sale occurring sooner rather than later. Ring your solicitor and ask what the hold up is. Ask your solicitor if there is anything you can do. If you really want the property, you have to be prepared to do some of the acquisition work yourself. If it is proving impossible to get certain documentation from the freeholders when buying the leasehold, then consider losing the property. This is because when it comes to selling the property you will probably have the same problems and purchasers will get fed up and pull out.

If things are progressing normally, however, then let your solicitor do everything, as this is what you are paying him for. Only react when your solicitor has informed you of a problem or you haven't heard anything for six weeks.

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It's advisable, prior to exchange of contracts, that you view the property to see that it is still in the state you first viewed it as exchanged contracts are legally binding. If kitchen appliances were included in the sale, then check that they still remain there. Check that the carpets and curtains remain and the condition of the property has not deteriorated.

Once the purchase is complete you then have the task of finding the right tenant...



5. FINDING THE RIGHT TENANT

It's no good just finding a tenant. It has to be the *right* tenant. The right tenant will depend on the following factors:

1. The property
2. You!
3. Your lender

The property

If you have acquired a private one-bedroom riverside apartment in a central location, then a single mum on benefits is probably not the most suitable tenant. When looking at properties it's a good idea to build up a picture of the tenant you think is most suited to it. A tenant can only fall into one of eight general categories based on the size of the family unit and whether they are working or claiming benefit. The table below suggests which property is suited to each category of tenant:

	Claiming Benefit	Working
Single person	Ex-local authority studio or one-bedroom flat. If you are running a rent-a-room scheme, then a room in an ex-local authority house.	Any – he may require just a room to lay his head or require a three-bedroom house because he wants a computer room and a spare room. If he can pay the rent, then he can dictate where he wants to live.
Single parent	Two-bedroom + ex-local authority flat. If you let a one-bedroom flat to them they will only be looking to move to somewhere bigger and you will have to find another tenant again.	Two-bedroom ex-local authority or private house is preferable, as it will have a garden.
Couple	Ex-local authority studio/one-bedroom flat only. DSS are unlikely to pay market rent for a two-bedroom flat for a couple when they can quite comfortably live in a studio/one-bedroom flat.	Any – for the same reasons as above.
Family	Two+-bedroom ex-local authority house. A family will invariably want a property with a garden.	Two+-bedroom ex-local authority or private house. A family will invariably want a property with a garden.

So if you buy a private one-bedroom flat you know that the right tenant is a working single person or couple. You need only advertise for that tenant – 'suit working person or couple', the advert might read. If you misplace a tenant at your property it will only lead to the hassle of finding another tenant later on. It's worth noting that a two+-bedroom ex-local authority house meets six out of the eight tenant categories.



You could use this table to dictate the type of property you buy. For example, if there are a lot of single parent DSS claimants in the area looking for properties then a two-bedroom ex-local authority flat might be the right property to go for. If you wish to go for the minimum risk route then go for the two+-bedroom ex-local authority house.

You!

If you are going to manage the property yourself then the most important person in this whole tenant-choosing process is YOU! If you feel you can get on and deal with only a certain category of people then choose them exclusively. If you're a professional person used to dealing with only professional people then steer towards private properties in the nicer areas and vice versa.

Personally I have no prejudices or hang ups – apart from two:

1. People who can't speak English
2. Young couples under 25

It can be very difficult to extract rent from tenants when you cannot communicate with them. If there is an initial language barrier then I can only foresee problems. Unless there is an intermediary, like a social services officer because social services are paying the rent, then it's okay. Otherwise steer clear of such tenants.

Couples aged under 25 are always troublesome. The tenancy will only last as long as the relationship does. They think it's a great idea to move in together after knowing each other for only two months but when the couple fall out neither one takes responsibility for the rent. You're left with the task of chasing them both independently for the rent but when they both blame each other, you're the loser. If a couple under 25 are the only ones interested in the property ask them how long they have been together and if they have lived together before. Try to get a larger deposit – two months is ideal.

Your lender

If you are borrowing to finance the property purchase then lenders often stipulate what type of tenant you can have. The main exclusions are DSS claimants and student lets. You need to check with your lender what exclusions they have and let this be the criteria for your selection of the lender.

Advertising for a tenant

There are five main ways of advertising for a tenant, the cheapest form of advertising first:

1. Contacting the local council)
2. Advertising with large local employers) FREE
3. Contacting accommodation projects)
4. Advertising in local press
5. Through a letting agent

Contacting the local council

Councils have a waiting list of people looking for a place to live. Since councils have fewer council properties on their books, they are always pleased to hear from private landlords willing to let their properties to residents in the local area. The councils have lists of working and unemployed people as well as refugees and asylum seekers.



I would advise that you write a letter detailing the property you have to let to the Housing Section of the local council and follow it up with a phone call. Councils can be slow so I would not rely on this as your only source of finding a tenant.

Advertising with large local employers

There are two large local employers in the Harlow area. I wrote to both of their human resources departments detailing that I had various properties for their employees. I get a call once every other month, so I would not rely on this as your only source of finding a tenant.

Contact local accommodation projects

Local accommodation projects are always on the lookout for willing landlords to take on 'homeless' people in the area. The 'homeless' does not mean that they are currently living rough – they simply do not have a fixed place of accommodation. These projects usually collect the rent and guarantee the rent if the tenant fails to pay. They do not charge for their services, as they are charities or non-profit organisations.

A list of accommodation projects is in the reference chapter at the back.

Advertising in the local press

This is probably the most effective way of advertising. It is best to advertise in a paper that is delivered free locally so that your advert reaches every resident in that area. There are certain key elements you need to put in your advert:

- **Area** – You must say where the property is. It is no good to assume that the reader will know the area where the property is when the newspaper is distributed in a number of local areas. This way you avoid unwanted calls.
- **Private** – If it is in a private area that is a selling point.
- **Furnished** – Again, if it is furnished say so.
- **Number of bedrooms** – You must put the number of bedrooms the property has as readers will then know if your property can accommodate them.
- **Price** – In any advert you must put the price. I always quote my properties as weekly rent i.e. £80 per week. This way the tenant assumes that the rent is £320 per month (as the tenant thinks there are four weeks in a month when there are actually 4.33 weeks in a month) when in fact it is £346 per *calendar* month. Your property will appear cheaper than other properties that are quoted per calendar month. If you price your property at £79 rather than £80 the impact is even more significant.
- **Features** – If it's got a new bathroom then say so! Anything that is not standard with a property such as a garage, separate dining room, large garden or new carpets will attract more interest.
- **Telephone number** – Do not only give out your mobile number! You will receive fewer calls as everyone knows that a five-minute call to a mobile costs a small fortune, especially to the people that you are trying to target. Put a landline down as well as a mobile. I have a freephone number which costs me 4p per minute to receive. A small price to pay to get someone talking about your property. Freephone providers are detailed in the reference chapter.

To find out about the local newspaper in the area of the property you have bought or thinking about buying, visit www.newspapersoc.org.uk.

Through a letting agent

Visit: WWW.AJAYAHUJA.CO.UK



This is the most expensive way to find a tenant. They usually charge one month's rent + VAT. But they will show prospective tenants round, run credit checks, ask for references, arrange a standing order and do an inventory check on the property. I would recommend this if you work or live far away from the property.

If you can't let it

If you are having trouble letting the property, there are a number of things you can do. I suggest you do this in time order:

Action	Why?
Reduce the rent.	If you can't let it out at the price you want, then reduce the rent. It's the basic economics of supply and demand. I suggest reducing the rent by £2 per week increments.
Widen the criteria for the type of tenant wanted.	If you've asked for non-smokers then consider smokers. The smell can be eradicated quite easily by a local cleaning company if need be.
Accept a tenant without a deposit.	A letting agent would be horrified by this advice. However, I have done this on a number of occasions, especially for DSS claimants who simply do not have that kind of cash to pay. I recommend this approach for properties that are not in the best of condition, and where the tenant is a family and are currently on benefits so the claim will go through smoothly. You have to ask yourself whether the tenant can do any more damage to the property considering its current state. Most people are looking for a place they can call home rather than moving into somewhere with the intention of wrecking it three months down the line.
Furnish the property.	This will be expensive and is no guarantee that the place will attract tenants. Consider this if you are getting calls rejecting the property because it is unfurnished.
Sell it!	This is a drastic measure as I think any property in the UK is lettable – it's simply the rent you are asking for that will deter possible tenants. However, if you are experiencing trouble letting it, get out! Sell it and buy something else.

Credit checking your tenants



You can check the credit of your tenant like a lender credit-checks a borrower. This costs between £17.50-£94.00 depending on what service you require. Some credit checking agencies guarantee the rent if your tenant defaults. All letting agents insist that landlords do this but I disagree. Credit checks are advisable for only certain types of tenants and areas. Let me explain by way of a table detailing the different type of tenant (private or DSS) and area (low and high demand for rental properties). A yes in the box means you should credit-check your tenant.

		TENANT	
		Private	Benefit claimant
AREA	High demand for rental property	Yes	No
	Low demand for rental property	No	No

So only in one out of four circumstances would you normally obtain a credit check on your prospective tenant? The justification for this is as follows:

- **Private tenant in high demand area** – As the tenant is paying all the rent and you can afford to be choosy as there is high demand for your property, then it is worth credit checking. This ensures that you get the best tenant. I would strongly advise you to get an employer’s reference as well confirming that the company employs him and use the credit check as only a supporting tool.
- **Private tenant in low demand** – If you have had few calls for your property and you wish to only have a private tenant then you cannot be choosy. Most people will fail a credit check – even I do. I am a chartered accountant but I have a default that I am currently investigating from 18 months ago for £4.89, which renders my credit check as a failure. So a credit check does not always guarantee the best tenant but can only support the tenant’s case. That’s why it’s important to get an employers reference.
- **DSS tenant in high demand** – The council pays the majority of the rent so there is no point credit checking a tenant for, say, a £10 a week top-up. The tenant would probably fail the check anyway.
- **DSS tenant in low demand** – The same reason as above.

Credit checking is also dependent on your risk factor. If you are a risk adverse investor (risk factor 1) then it is probably advisable to get the full credit check that guarantees the rent if the tenant fails. If you are willing to accept some degree of risk (risk factor 2-6) then it is advisable to get a credit check in the circumstances noted above. If you are a risk taker (risk factor 7) like me then never get a credit check. Get an employer’s reference.

I use my common sense and intuition – it hasn’t failed me yet. A prospective tenant who fails a credit check could be better than a tenant who passes a credit check. Let me explain. The two most common causes for someone to fail a credit check even though their credit rating is still good are:

1. **They’ve never had credit** – Just because someone has never had credit does not make them uncreditworthy. For example, you may have a university graduate looking to move into your property as he has just got his first job in the area. He may be from a good family who will bail him out if he gets into any money problems. One would imagine that he is responsible enough to take the financial commitment of a tenancy considering he has gone to university. He will probably be earning in excess of the



national average wage and will be able to comfortably afford the rent. Taking these factors on board he may still fail a credit check. However, he may be the most suitable tenant for your property after taking *everything* into consideration.

2. **Low value defaults** – I have a default for £4.89 from 18 months ago which I am currently investigating. I would fail some credit checks because of this. A £4.89 default does not make me uncreditworthy under any circumstances. You have to look at the tenant's situation as a whole rather than whether he passes or fails a credit check. Do not be afraid to ask what they earn and compare that to the rent you are charging. If the monthly rent is approximately a third of their monthly income then they can probably afford it.

The most common causes for a tenant to pass a credit check but ultimately end up defaulting are:

1. **They lose their job** – No amount of credit checking can predict this.
2. **The tenant household splits up** – When couples split up their financial commitments are the last to get a look-in. If you've let to a group of students and one of them leaves it can then be very difficult to chase him or her or to get the rest of the household to make up the difference. Just because a tenant passes a credit check now does not mean that they will honour their commitments in the future. Their circumstances have now changed – this is why people default!
3. **The tenant misbudgeted** - If this is the first time the tenant has ever taken on the responsibility of occupying and paying for a home then it is possible that the tenant has miscalculated or omitted some of the other costs associated with running a home. Add in rates, council tax, electricity etc. and the tenant quickly falls in arrears. Ask the tenant if they have ever run their own household and ascertain if the tenant is aware of all the costs involved in doing so.

So you can see that credit checks have limited use. The key questions you need to be asking yourself about the prospective tenant is:

- Can he afford it now and in the future?
- Has he got a temporary or permanent job?
- Has he got a supportive family and can you get them to be guarantors for the rent?
- Does he appear to know all the costs involved in running a household?

I assume that if someone can afford to pay over a month's deposit and one week's rent in advance then he or she will probably be able to pay the rent in the future. So far I have not been wrong. The times I have been wrong is when I have not taken a deposit and let a tenant move in with just one week's rent in advance. The tenant quickly falls into arrears because they cannot budget. That is why they never had a deposit in the first place!

Dealing with councils for housing benefit payments (DSS)

If you decide to accept someone on benefits, then the local council will pay most of the rent. Many investors do not like DSS tenants but I have had little trouble with these type of tenants and once set up the rent simply arrives at your doorstep. There are a number of key factors when dealing with the DSS:

- **You will get paid four weeks in arrears** – All councils pay four weeks in *arrears*. If cashflow is crucial then do not take on DSS. Invariably the council will take anywhere between four weeks and sixteen weeks to get paid. This is because you depend on the tenant providing all the information the council require. If the tenant is slow to



respond to the council consider issuing notices of eviction to the tenant to hurry him up.

- **Ensure that the benefit cheques get paid direct to you** – All housing benefit can be paid directly to the landlord if the tenant signs a consent form. This is a must if you take on DSS. This way you get paid directly by the council.
- **Claw backs** – Be aware that if your tenant has been fraudulently claiming benefit then the council can reclaim all the housing benefit that has been paid to you. I've heard some horror stories where claw backs have totalled £2,500! If you are risk averse, stick to private tenants.

The relationship between landlord and tenant

Your tenant is not your friend! If your friend approaches you wishing to live in one of your properties then say no – make some excuse. We all know the feeling when we've lent a friend £20 on a night out and then we have to ask for the money back – we all hate doing it. There is a good reason why we don't like doing so and that is because money and friends don't mix. Many friends in the past have fallen out over very small amounts of money, let alone a month's rent.

If your tenant tries to become friendly with you, like inviting you to their Christmas party, always decline. The relationship between landlord and tenant is strictly a business relationship and if this becomes blurred, then you are heading for trouble. This does not mean you have to be overly distant. Remember that you are in business with each other and that is the only reason why you know each other. For the relationship to last, the following simple contract needs to hold – you are supplying a safe property for the tenant to live in and the tenant is paying you the rent on time. Do not complicate matters by drifting into a friendship/business relationship.

Rent collection

You can collect your rent in four main ways:

1. Using a letting agent
2. Via your bank
3. Through the post
4. Face-to-face

Apart from using a letting agent, the way to collect the rent should be dictated by the tenant. You need to make the way the tenant pays their rent as easy as possible and this will be determined by the tenant. Your choice of tenant should not be dictated by the ease of collection of rent. The choice of tenant should be dictated by the factors mentioned above. It is your duty to work around the tenant if you want the right tenant and to receive the rent on time.

1. Using a letting agent

Letting agents can handle the whole process of letting your property. This involves finding a tenant, taking inventories, collecting or guaranteeing rent and dealing with all tenant and property problems – sounds too good to be true. However, letting agents are expensive! For a full management service the fee charged can range from 12 per cent to 20 per cent + VAT of the *rent* collected. We accountants call this 'top line commission'. It is called this because they are charging commission on the rental income rather than the overall profit you are making. The expression 'top line' comes from the fact that income is the top line in any profit or loss account.



An agent's fee can wipe out a significant proportion of the profit you potentially could make. Look at this following example, where method 1 is with an agent and method 2 is without an agent:

	Method 1	Method 2
Rental income	400	400
Mortgage	(200)	(200)
Building insurance	(10)	(10)
Sundry expenses	(10)	(10)
Agent's fee (15% + VAT)	(70)	Nil
Net profit	110	180

We can see that a 15 per cent agent's fee can reduce your net profit by 40 per cent - basically just under halving the profit you would make if you did not have an agent! That is not to say you should not use an agent. You need to decide how involved you wish to be in the day-to-day running of the property you have just bought. I would use an agent in the following circumstances:

1. **You work full-time** - This is not to say that you shouldn't try without the help of an agent. I have a few properties that I have never seen since I first let them or I haven't spoken to the tenant since I first met them. This is because the tenant's rent is paid directly into my bank account by standing order and nothing has gone wrong with the flat since I bought it. In this situation, who needs an agent? Only use an agent once letting your property has eaten into your leisure time or you've just simply got fed up. You do not need your tenant ringing you up complaining of a blocked drain when you are in the middle of an important meeting!
2. **The property is far away** – If a property is more than three hours travel away then it is probably better to use an agent. The gross yield must be very good though. I would say 24 per cent is the minimum if not higher. This is because you are using an agent and if you were only receiving a 12 per cent yield, after agent fees you would be making a loss.

When I first started I used an agent as I worked full-time and did not want to get bothered at work when something went wrong. Sometimes it can be very time-consuming chasing your tenant for rent. Remember letting agents are experts in handling tenants and cannot do only what you do but they can do it better – that's their business!

The only time I use an agent now is for my properties in Norton, Middlesborough, which is at least four hours away from me by car. The rental yield on these properties is around 70 per cent! I can afford to use an agent when the profit margin is so high.

I would advise you to use an ARLA accredited agent as you are insured against frauds committed by the agent and bankruptcy of the agent. This means that you would receive all the rents collected by the agent even if the rents were not handed over by the agent. Proof of the fraud would not be needed as the rents are covered by an insurance scheme backed by ARLA.

ARLA agents can be found by visiting www.arla.co.uk.

2. Via your bank

Assuming your tenant has a bank account then you can set up a standing order which deposits the rent directly to your bank account from the tenant's bank account. I suggest you



use this template below and ensure that it is sent to the tenant's bank branch at the time of the tenant signing the lease. This template will set up the standing order:

STANDING ORDER SET UP

PAYER:

Name:	<i>Put the tenant's full name here</i>
Branch:	<i>Put the tenant's bank branch and full address</i>
A/C number:	<i>Put the tenant's account number here</i>
Sort code:	<i>Put the tenant's bank branch's sort code</i>

PAYEE:

Name:	<i>Put your full name here</i>
Branch:	<i>Put your bank branch's name and full address</i>
A/C number:	<i>Put your account number here</i>
Sort code:	<i>Put your bank branch's sort code here</i>

PAYMENT DETAILS:

Amount:	<i>Put the weekly or monthly rent here</i>
Transfer date:	<i>Put the first date you want the transfer to occur here</i>
Repeat:	<i>Put the frequency either weekly or monthly here</i>
Last transfer date:	<i>Always put 'To be notified in writing'</i>

Please could you set up the above standing order on my behalf as soon as possible, to ensure that the first transfer payment is paid on time?

Signed
(the tenant)

Date

Print Name

Please now send on to the payer's bank branch.

Another way you can collect rent through your bank is to ask the tenant to give you a series of post-dated cheques to cover the rent. So, for example, if he is to pay a rent of £400 on the first day of the month then ask for six cheques for £400 dated the first of the month for the next six months. You then simply present these cheques when the cheques' dates become valid.

You could also give your tenant a paying-in book for your bank account. This is best for tenants who earn cash but do not have a bank account. This way the tenant could visit your branch and deposit the rent when possible rather than you both organising a rendezvous for the tenant to hand over the cash.



3. Through the post

I receive the majority of my rent through the post. This is either from the tenant themselves or from the council housing benefit departments. I prefer this method as it is easier to keep a mental check of who is supposed to be paying (because a cheque physically lands at your door on a regular basis), rather than continuously checking your bank account.

I have one tenant that consistently sends me the rent cheque by recorded delivery. As I am never up when the postman knocks on my door (around 8am) I have to go to the sorting office to get my cheque. I asked my tenant not to send it by recorded delivery but he prefers to do it that way so I have to accept that I have to go to the sorting office every week! Remember, the tenant always dictates the method of payment.

Under no circumstances should you allow the tenant to pay cash through the post.

4. Face-to-Face

It is unlikely that the tenant will insist on face-to-face collection of the rent. You may feel more comfortable collecting the rent face-to-face so you can see what state the property is being kept in. If the tenant is happy with you collecting the rent that way, it is important that you do not let him feel that you are checking up on him. This will make them feel uncomfortable and could lead to them moving out. If you have chosen your tenant right you will not need to check up on them so often and you can revert to the payment method that suits the tenant.



6. EXPANDING YOUR PORTFOLIO

Okay, so I've told you how to get one property. But how do you get 43 properties in five years? The key is remortgaging. Remortgaging is all about releasing the equity that's locked up in the property that you currently own.

So if you've bought your first property for £50,000 and you can get it revalued in excess of £70,000 then you can access some of that £20,000 equity to buy further properties. It is this release of equity that enables you to buy further properties as this equity can be used as deposits for further properties.

The revaluation trick

I bought a property in June 2001 for £23,500 in Northampton with a £6,000 deposit, did nothing to it, got it revalued at £42,000 by a different lender four months later, released £18,000, used this for further deposits and bought four more properties! In effect one property enabled me to get four further properties. This is possible if you watch out for these bargains.

The reason a £23,500 property can be revalued at £42,000 is that when you get a revaluation the valuer is only giving an opinion on what the property is worth and it is only a guide. However, the mortgage company takes this as the market value to lend against.

When filling out the form for a remortgage never be conservative about what you think the property is worth. If you bought it for £23,500 say it is worth double that, like I did (£47,000) and the valuer may come back at £42,000. This actually happened. This way you can raise the maximum amount of the cheapest borrowings to buy further properties.

I know the effective mortgage payment increases when you remortgage but the additional properties you buy and the income these further generate more than compensate for the increased mortgage payment. Let me show you by way of example:

Rob buys his first property two years ago for £60,000 with a 25 per cent deposit.

Property 1

Rental	£600
Mortgage (at 6%)	<u>£225</u>
Profit	£375
Valuation	£60,000
Borrowings	£45,000

If an application is made that revalues the property at £80,000 and the lender is willing to lend 85 per cent then the funds that can be raised are:

$$£80,000 \times 85 \text{ per cent} - £45,000 = £27,250.$$

With this £27,250 Rob can buy three further properties for £60,000 each placing £9,000 deposit each (3 x £9,000 = £27,000) but the original mortgage payment has gone up on property 1 due to the extra borrowings:



Property	1	2	3	4	Total
Rental	600	600	600	600	2,400
Mortgage (6%)	361	255	255	255	1,126
Profit	239	345	345	345	1,274

So by a combination of revaluing, releasing equity due to increased borrowings and purchase of further investment properties profit nearly trebles from £375 to £1,274. This is because the equity Rob has released, borrowed at six per cent, generates income far in excess of six per cent due to the purchase of three investment properties. The profit generated from these three further properties covers the additional interest cost of remortgaging the original property and an extra £899!

Do not be worried if the revaluation breaks the rule of 12, i.e. the property gets revalued to £80,000 but you are only getting £600 per month rental. Remember borrowing is cheap, so if you can get borrowings at six per cent to get a return in excess of 20 per cent on property then do it. Only hesitate from doing this when borrowing rates are in excess of returns that can be had from the property.

Risk analysis for the future

Basically this section deals with things that can go wrong. When you are in business you are always susceptible to going bust. It happened to Railtrack, so it can happen to you! What makes a successful business is not only the ability to make a profit and generate cash but to also *continue* to do so. This means being able to:

1. React to changing market conditions quickly
2. Protect against threats to your long-term income

React to changing market conditions quickly

The profit you generate is dependent on two basic elements – rental income and mortgage expenditure. If either of these elements change in your favour (market rental income increases or market mortgage expenditure decreases) then you are stupid not to capitalise on this. You need to keep your eye on the market for both these elements. The easiest way to do this is:

- **Rental income** – Simply scan the ‘accommodation to let’ adverts in the local paper once every two months or so and see what a similar property to the one you own is going for. If the market value rent has risen for your property then increase your rent accordingly when you are able to do so. You are able to do this after the duration of the lease has expired.
- **Mortgage expenditure** – If you’re on a fixed rate and interest rates are dropping, then consider remortgaging at a lower rate. Approach your lender initially and tell them that you are considering remortgaging and they may even reduce the rate – it’s worth a try.

The more money you make by keeping abreast of changing market conditions the more you have set aside for further reinvestment, hence further profit.

Protect against threats to your long-term income

The key to managing risk in the long-term is diversification – not putting all your eggs in one basket. The way to do this is to vary the following factors when investing in property:



- **Area** – Try to invest in different towns and cities. Rental demand or property price changes can vary according to area due to significant increases in crime rates, redundancies, pollution etc.
- **Property** – Buy both private and ex-local authority properties. Consider both flats and houses. Do not stick exclusively to two-bedroom properties – consider studios as well as four-bedroom properties. This way you are not stuck with seeking a particular type of tenant.
- **Tenant** – Consider both DSS and private tenants.
- **Borrowings** – Go for a mixture of fixed and variable borrowings. Do not stick exclusively with one lender.

The following table details the threats to your long-term income and how diversification minimises the impact of the threat.

Threat	Effect of diversification
Interest rates increase dramatically.	Because some of your borrowings are fixed the increase in interest rates will not fully impact on your mortgage cost. Depending on how risk averse you are will depend on the ratio of fixed to variable borrowings. Even if you are of risk factor 7 I still recommend you fix some of your borrowings cost.
Demand for rental properties in the area fall significantly.	This could be due to heavy job losses in the area. As you have properties in other areas the impact of the job losses is not felt on the whole portfolio. If this does happen then the key is to just cover your mortgage payment until demand picks up. If you drop your rent to an attractive price just above your mortgage payment you will ensure that you will get a tenant before most other landlords. If it is unlikely that demand will pick up then consider selling.
Changes in housing benefit entitlement.	Some councils have cut back on housing benefit and insist that the tenant contributes more to the rent. The tenant usually struggles to do this. If you have invested in different areas then your portfolio is not subject to one council change. Also if you have taken on a combination of private and DSS tenants then the impact is lessened.

This is not an exhaustive list. These are just some of the threats that I have faced but have been able to weather due to diversification.



7. TAX

We all hate paying tax – but we have to. This chapter deals with the key figures when calculating your tax and how to legally minimise your tax bill. Let's identify the types of tax you will be subject to if you invest in property.

Types of tax

There are two types of tax that property is subject to:

1. **Income Tax** – This tax is applied to the profit generated from the renting out of the property. It has to be paid every year in half-yearly instalments on 31st January and 31st July. Taxable profit is deemed to be:

Taxable rental income – allowable expenditure = taxable profit

Taxable rental income and more importantly, allowable expenditure will be defined in detail so you can easily calculate and reduce your taxable profit by claiming all allowable expenditure.

2. **Capital Gains Tax** – This tax is only applied once the property has been sold. It is essentially the tax applied to the profit you have made from selling the property.

Detailed below are certain reliefs that you can claim to minimise your capital gains tax bill to zero!

Income Tax

You will only ever pay tax on your taxable profits, that is to say you have to make money before you pay tax. Income has to exceed expenditure – if you have not achieved this then you should not even be interested in this chapter. If you are in the position where income does exceed expenditure then read on.

The equation

The simple equation for calculating your income tax bill is:

Taxable rental income – allowable expenditure = taxable profit

So in order for your taxable profit to be the lowest possible then the 'taxable rental income' must be minimised and the 'allowable expenditure' must be maximised.

Minimising 'taxable rental income'

This is very difficult to do. Taxable rental income is deemed to be any rental income earned in the period, the period usually being the tax year 6th April XX to 5th April XY. "Earned" means not only what the tenant has paid but also what the tenant owes even if it has not been paid yet. Basically there are no tricks in reducing taxable rental income, apart from one – if a tenant is 14 days in arrears then you can consider that debt as a bad debt and not include this as taxable rental income. The reason you can do this is because you can file for eviction of your tenant if they fall 14 days behind. If the tenant does end up paying then you can include the income in the following accounting period. 14 days outstanding rent is in real terms not that much and you'll have to pay tax on the income in the following year anyway. The only



real benefit is cashflow. This is because you save slightly on your tax bill and defer payment on this omitted rental income until your next tax return the following year.

Maximising ‘allowable expenditure’

This is easier to do than minimising rental income. This is because the Inland Revenue grants certain allowances based on certain definitions as well as allowable expenditure. This means expenditure and allowances can be deducted from the taxable rental income to derive the taxable profit. The two pure definitions that you need to remember for allowable expenditure and taxable allowances, as stated by the Inland Revenue, are:

1. ‘Any costs you incur for the sole purposes of earning business profits’
2. ‘Capital allowances on the cost of buying a capital asset, or a wear and tear allowance for furnished lettings’

1. ‘Any costs you incur for the sole purposes of earning business profits’

Any expense you incur ‘wholly, necessarily and exclusively’ for the business is *fully* deductible from your rental income. Any personal expenditure that you make that relates to the business is *partly* tax deductible from your income. To make sure you include all expenses that are allowable against your rental income refer to this checklist of expenses for inclusion in your tax return:

	Expense	Description
Fully tax deductible	Repairs & maintenance	<p>All repairs and maintenance costs are fully tax deductible. Where the property has been altered extensively so as to deem the property being reconstructed, the property is then considered to be modified rather than repaired, hence no amount of the expense is allowed. The only amount allowed would be the estimated cost of maintenance or repair made unnecessary by the modification. Examples of repairs and maintenance expenditure that are fully tax deductible are:</p> <ul style="list-style-type: none"> • Painting and decoration • Camp treatment • Roof repairs • Repairs to goods supplied with the property i.e. washing machine



	<p>Finance charges</p>	<p>Any interest you pay on a loan that you took out to acquire a property is fully tax deductible. It is only the interest and not the capital repayment part that is tax deductible. If any of the finance raised (the loan) is used for personal use, such as a holiday, then the interest paid on the amount paid for the holiday is not tax deductible.</p> <p>The typical interest payments that are allowed are:</p> <ul style="list-style-type: none"> • Interest on the mortgage taken out to get the property • Interest on any secured or unsecured loans taken out to get the property <p>Arrangement fees charged by a lender are also tax deductible.</p> <p>Interest paid on the car you use to run the property business is partly tax deductible – see below.</p>
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	<p>Legal & professional fees</p>	<p>Allowable expenditures are:</p> <ul style="list-style-type: none"> • Letting agent's fees for the collection in rent including the VAT (unless you are VAT registered) • Legal fees for evicting tenants • Accountancy fees for preparing your accounts <p>Disallowable expenditure is:</p> <ul style="list-style-type: none"> • Surveyor fees initially paid out to value the property (unless the survey was unsuccessful and you never acquired the property, in which case it is a fully deductible expense) • Legal fees incurred due to the purchase of the property <p>These expenses are added to the purchase price. When it comes to calculating the capital gain when you sell the property:</p> <p>Gain = selling price - purchase price</p> <p>This results in the purchase price being higher than the actual price paid due to the addition of initial professional fees. So the taxable gain is lower. These fees are subject to full indexation, as is the purchase price, to allow for price inflation – see Capital Gains section below. So you do get some tax relief but only further down the line, when you sell the property.</p>
	<p>Council Tax, electricity, water & gas</p>	<p>If you are renting out all the rooms then all the usual running costs involved with a property are fully tax deductible. This assumes that none of the tenants make a contribution to the bills. If you let out your property inclusive of all the bills then you can fully charge all the bills you include with the rent. If you let out your property exclusive of all bills (which is the usual way) then you cannot claim. Remember, you can only claim the expense if you actually paid it!</p>



	Insurances	<ul style="list-style-type: none"> • Buildings insurance • Contents insurance • Rental guarantee insurance <p>are fully tax deductible. Life assurance premiums are not as this is personal expenditure. Car insurance is, but only partly – see below.</p>
	Advertising	<p>Any advertising costs in connection with finding a tenant or selling your property are fully tax deductible. This includes:</p> <ul style="list-style-type: none"> • Newspaper adverts • Agent's commission
	Ground rent	<p>This is the rent you pay if you own a leasehold flat, typically a nominal amount of £50 per annum.</p>
	Service charges	<p>Service charges are incurred if you own a leasehold flat. If you pay these charges then they are fully tax deductible.</p>
	Letting agent fees	<p>Any fee that is charged by a letting agent is fully tax deductible, apart from any fees charged for leases created for longer than a year. If a fee is charged for creating a 5-year lease then only one fifth of the fee can be charged for each year.</p>
	Stationery	<p>Any stationery costs incurred in connection with running your property business are fully tax deductible. This will include items such as:</p> <ul style="list-style-type: none"> • All paper and envelopes • Postage • All printing expenditure



Partly tax deductible	Motor expenses	<p>Motor costs are allowable but only when your car is used in connection with the property business. It is up to you to decide how much time you think you spend using your car for private use and business use. It has to be reasonable. Once you have decided on the split of personal to business, say 70% personal 30% business, then you can charge the business percentage against your taxable rental income, in this case 30%. Typical motor expenses are:</p> <ul style="list-style-type: none"> • Car insurance • Petrol • Servicing & Repairs • Interest paid on the loan taken out to acquire the car <p>A fraction of the purchase price of the car can also be taken into account as an allowance – see below.</p> <p>I charge 80% of my motor expenses to the business. This is because I have 43 properties to maintain around the country and I spend 80% of my driving time on business engagements.</p>
	Telephone calls	<p>Again this is like motor expenses. If you spend 30% of your time on the phone in connection with your business then charge 30% of:</p> <ul style="list-style-type: none"> • Total landline call charges • Total line rental for your landline • Total mobile call charges • Total line rental for your mobile <p>If there are obvious large private calls (say in excess of £5) then exclude these from the total call expense when calculating the 30% charge.</p> <p>If you have a fax line then charge 100% of fax expenses as it is difficult to convince the Inland Revenue that you own a fax machine for personal use!</p>

Again this is not an exhaustive list. To make sure you legally maximise your allowable taxable expenditure you have to remember the following two principles:

- Include expenditure if it is 'wholly, necessarily and exclusively' needed for the business. If it is, include it. If it is not, exclude it or partly include it.



- Include a proportional amount of expenditure that is split between business and personal such as motor expenses and telephone calls.

2. 'Capital allowances on the cost of buying a capital asset, or a wear and tear allowance for furnished lettings'

This basically means that you can either charge:

- 25 per cent of the cost of any asset used to furnish the property, or
- 10 per cent of the rent

as a tax-deductible expense. You cannot do both. I would always recommend doing the latter, charging 10 per cent of the rent, because once you opt to do one or the other, you cannot change for the duration of your business. The reason I recommend 10 per cent of the rent is because 10 per cent of the rent is likely to be greater than 25 per cent of the cost of the asset. If this is not the case now it will probably be the case in the future. It is better to suffer the lower deductible expense now for the benefit in the future.

You can still claim capital allowances for any asset that you use in the business, such as motor vehicles, but it will be restricted to the business element only. So in the example above of the motor vehicle with 30 per cent business use, a car used in the business costing £5,000 would attract the following relief:

$30 \text{ per cent} \times 25 \text{ per cent} \times \text{£}5,000 = \text{£}375.$

You can never charge the cost of an item that you intend to use for longer than one year against your rental income. Anything purchased for the use of longer than one year is deemed to be an asset and only 25 per cent of the cost can be charged each year.

Capital Gains Tax

This tax only arises when you sell the property. The capital gain is worked out as:

Sale price - purchase price - Indexation Allowance = Capital Gain

The sale price is deemed to be the price achieved after deducting estate agent costs, solicitors' fees and any other expenses that were incurred wholly, necessarily and exclusively in the sale of the property.

The purchase price is the cost of the property plus all survey and legal costs.

The Indexation Allowance is a multiplier on the purchase price that takes into account price inflation. It helps reduce the Capital Gain and hence reduces your tax bill. Indexation Allowances can be calculated from the Inland Revenue official Retail Price Indexes (RPI) available from the Inland Revenue. Visit www.inlandrevenue.gov.uk

How to reduce your Capital Gain

Since the property you have bought is deemed to be a business asset then any capital gains that you do achieve from the sale of your property can be offset against either one of these three reliefs:

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- **Rollover relief** – If you fully invest the whole proceeds from the sale in another business asset i.e. another investment property within two years or one-year prior of the date of the disposal then the capital gain does not attract capital gains tax.
- **Retirement relief** – If you are over the age of 50 and retiring, or retiring due to ill health at any age, then the capital gain is exempt of tax. This is subject to certain limits.
- **Enterprise Investment Scheme shares or Venture Capital Trusts shares** – If you invest the proceeds of the sale of the property in EIS shares or VCT shares then there is no capital gains tax to pay. This is a government incentive for investors to invest in company start-ups to encourage new business.



8. LEGAL ASPECTS

The legal aspects a landlord faces can be split into three broad categories:

- Contractual
- Regulatory
- All-encompassing

Contractual

Contractual refers to the legal contracts that you will sign and enter into. You will be bound to fulfil your obligations under the terms of the contract. Breach of terms can result in you being sued and ultimately paying damages to the aggrieved party. As a landlord you will enter into legal contracts with your:

1. Lender
2. Tenant
3. Insurer
4. Letting agent

Lender

Prior to entering into a contract with a lender the lender has to know about you. The lender asks you a number of questions and expects the truth. If it found that you have misled the lender by any of your answers to their questions, they can demand repayment of the loan in full plus all recovery costs. They can also inform the police and charge you with obtaining finance by deception. This is fraud and you can go to prison.

Once the lender has established that you are a person worth lending to, the lender insists you sign their contract. The lender sets the terms of the contract. As the lender has lent money to you it is their right to set the terms of the contract. Unless you are borrowing a large sum of money then you can never include any clauses in the contract based on your terms – that's just the way it is. The key terms of the contract are:

- **Payment** – You have to pay the mortgage repayments on the dates the lender dictates. If you fail to do so, the lender can repossess the property.
- **Maintenance** – You must keep the property in a good state of repair fit enough to be habitable.
- **Occupation** – You must not leave the property vacant for more than 30 days.

Tenant

There are several legal documents that are created when you find a suitable tenant:

1. An inventory
2. An Assured Shorthold Tenancy Agreement
3. An eviction order

1. An inventory

An inventory is a list of all items that are in the property – it includes descriptions of items, quantities and condition. Both the tenant and the landlord should sign this list. When the tenant decides to leave the property you can check the list to see what is left in the property. If there are any deviations from the list you can charge the tenant to correct the



deviation. So, for example, if there were four dining chairs when the tenant moved in and now there are only three, you can deduct the cost of replacing the dining chair from the tenant's deposit.

If you get an inventory done it will ensure that the tenant thinks that you care about the place you are letting and the tenant will be less likely to damage the property. If the condition of the carpet is recorded then the tenant is more likely to remove any stains caused, as he fears that you will deduct cleaning costs from his deposit.

Professional inventory services can be found in the Yellow Pages or by visiting www.yell.com.

2. An Assured Shorthold Tenancy (AST)

This is an agreement between the landlord and tenant. It binds both parties to certain duties and obligations. The main features of a tenancy agreement are:

- **Rent** – How much rent is to be paid and the frequency of payment.
- **Duration** – An AST is for a minimum of six months and maximum of twelve months. I would always suggest a tenancy of six months as the tenant has the right to run the duration of the tenancy unless there is a breach on either party. See below.
- **Running expenses** – It sets out who is liable for the running expenses of the property.
- **Tenant obligations** – It details the tenant's obligations to the property and the landlord, such as maintenance, not to sublet, informing the landlord of problems in good time, and reporting damage.
- **Landlord obligations** – It details the landlord's obligations to the property and the tenant, such as privacy and timeliness of repairs.

Both the tenant and the landlord have to sign, with both signatures witnessed by an independent third party.

Below is an example of an AST:

ASSURED SHORTHOLD TENANCY AGREEMENT

1. Tenancy agreement made the day of 10th January 2002

Between *[insert landlord's name]*

Of *[insert landlord's address]*

(Herein after called the Landlord which expression shall include the person for the time being entitled to the reversion expectant on the determination of the tenancy hereby created) of the one part.

And *[insert tenant's name]*

Of *[insert tenant's previous address]*

(Herein after called the tenant which expression shall include his successors in title) of the



other part;

Whereby it is agreed as follows:

The landlord lets and the tenant takes the dwelling house known as:

[insert investment property's address]

(Herein after called the premises)

Together with the furniture, fixtures and effects therein upon an Assured Shorthold Tenancy within the meaning of section 19(a) of the Housing Act 1988 as amended by the Housing Act 1996, for the period of six months starting on the 10th December 2001 until 9th June 2002. The rent of £_____ per week, payable clear of deductions. Any money received for payment of rent for the premises is deemed to have been received from the tenant in advance on the first day of every week, the first such payment to be payable on the signing of this contract.

2. The tenant agrees:

- (a) To pay the rent of £_____ per week in the manner aforesaid, without any reductions whatsoever.
- (b) To pay the agent upon signing hereof a deposit of £_____, to be held by the landlord against liability of the tenant arising under this agreement. The landlord will provide a written list of dilapidations within 28 days of the end of the tenancy, and a further 28 days will be allowed for discussion and negotiations to arrange settlement. After this period of time either party may revert to use of the law courts to resolve the dispute. If there are no dilapidations, the landlord will undertake to return the deposit to the tenant within seven working days of the end of the tenancy.
- (c) To pay all charges for gas and electric current supplied to the premises during the tenancy (all charges including any rental or other necessary charges) for use of the telephone if the tenant wishes to have the telephone connected, and the costs of reconnecting such services if they are withheld owing to the act or omission of the tenant. The tenant is also responsible for the water rates and council tax or replacement taxation for the term of the tenancy.
- (d) To keep all parts of the premises, including landlord's furniture, fixtures and fittings in good and tenable repair and in good decorative state and ventilated (fair wear and tear and damage by accidental fire, maintenance and repairs which are hereafter agreed to be done by the landlord and those which are statutory for section 11 of the Housing Act 1985 omitted); to maintain the garden to an acceptable standard.
- (e) Not to assign, underlet, charge or part with or share the possession or occupation of the premises or any part thereof and not to grant any licence to occupy the premises of any part thereof.
- (f) Not to use the premises or any part of for any purpose other than that of a private residence.
- (g) Not to carry on upon the premises any profession, trade or business, or let apartments or rooms, or receive paying guests or lodgers or place or exhibit any notice board or notice on the premises.
- (h) Not to use the premises for any illegal or immoral purpose.
- (i) Not to do or permit or suffer anything in the premises (or any building of which the premises form part) which may be or grow to be a nuisance or annoyance to the landlord (or any superior landlord) or to any occupier or tenant of any part of any building of which the premises form part;



- (j) Not to damage, injure, or make any alteration to the premises or any part thereof.
- (k) Within seven days of receipt thereof to send all correspondence addressed to the landlord directly to the landlord whose address forms part of this tenancy agreement. Any other correspondence of unknown names should be forwarded to the landlord. This should include any notice, order or proposal relating to the premises (or any building of which the premises forms part) given, made or issued under or by virtue of any statute, regulation, order, direction or by law by any competent authority.
- (l) To permit the landlord upon giving 48 hours notice (except in the case of emergency when no notice shall be required) to enter upon the premises with or without workmen and equipment and to view the state and condition thereof and, if necessary, to carry out any repairs, alterations or other works.
- (m) To pay all fees, expenses and costs (including solicitors, councils, and surveyors fees) incurred by the landlord in preparing and serving notice on the tenant of any breach of any of the covenants on the part of the tenants herein contained notwithstanding forfeiture is avoided otherwise than by relief granted by the court.
- (n) To notify the landlord promptly after any event which causes damage to the premises, furniture, fixtures and fittings or which may give rise to a claim under the insurances of the premises.
- (o) Not to leave the premises vacant for more than 21 consecutive days and to keep the premises locked and secured when vacant, and the tenant is responsible for using the security provided at all times.
- (p) Not to change the locks to any doors of the premises, without the permission of the landlord; not to make any duplicate keys thereof but to return all such keys to the landlord at the end of the tenancy.
- (q) To pay for professional cleaning redecorations, and garden maintenance should the final inventory dictate that such services are, in reasonable opinion of the landlord, necessary.
- (r) Within the last two months of the tenancy to permit the landlord at reasonable hours, to enter and view the premises with prospective tenants or purchasers.
- (s) At the end of the tenancy to yield up to the landlord the premises, furniture, fixtures, and effects properly repaired, decorated, and kept in accordance with the obligations herein before contained, and to remove from the premises all the tenants effects.
- (t) No to remove any of the landlord's furniture, fixtures and effects from the premises, and to leave them in the same location found.
- (u) To keep the furniture, fixtures and effects in their present state of repair and condition (reasonable wear and tear and damage by accidental fire expected) and to replace with similar articles of at least equal value, style and colour of any part of the said furniture, fixtures, fittings or effects, which may be destroyed or damaged (except as foresaid) so as to be incapable of being returned to their former condition.
- (v) Not to keep any pets.

3. The landlord agrees:

- (a) That the tenant paying the rent hereby reserved and performing and observing the various agreements on their part contained herein shall peaceably hold and enjoy the premises during the tenancy without any interruption by the landlord or any person claiming under or in trust for them.
- (b) To carry out those repairs, liability for which is cast upon the landlord by sections 11-16 inclusive of the Landlord and Tenant Act 1985 as amended by Section 116 of The Housing Act 1988.
- (c) To pay the ground rent, service charges, and all sums payable by the landlord herein to the head landlord under the terms of the head lease.
- (d) To insure the premises against loss or damage by fire, explosion, and such additional risks as the landlord may deem desirable.



4. The landlord and tenant agree:

- (a) If the rent hereby reserved or any part thereof shall be unpaid for 14 days after becoming payable (whether being formally demanded or not) or if any covenant or agreement on the tenant's part herein contained shall not be performed or observed then in any of the said cases it shall be lawful for the landlord at any time thereafter to re-enter upon the premises or any part thereof in the name of the whole and thereupon the tenancy shall absolutely determine but without prejudice to the rights of the landlord in respect of any breach of the tenants covenants or agreements herein.
- (b) Ownership of all property left at the premises at the end of the tenancy shall immediately pass to the landlord who shall be entitled (though not bound) to sell the same for their own benefit and where necessary make charge upon to the tenant or the tenant's deposit to refund any additional costs not recouped within the values received for the said articles.
- (c) Where the landlord or the tenant consist of more than one person, the covenants on their part in this agreement shall be joint and several.
- (d) Any notices served by the landlord on the tenant shall be sufficiently served if sent by second-class post or delivered by hand to the tenant at the premises or the last known address of the tenant.
- (e) To end the tenancy at or after six months, either party must give at least two months prior notice in writing.
- (f) In the event of maintenance that requires immediate attention outside office hours, and falls under the landlord's statutory responsibilities under section 11 of the Housing Act 1985, the tenant may spend up to £50 to minimise damage or effect a repair without reference to the landlord, but should inform the landlord at the earliest opportunity. Any other repairs of any nature must be referred to the landlord or landlord's agent. Any other repairs authorised by the tenant will be the responsibility of the tenant to pay.

It is hereby agreed that the parties hereto witness the day and year first above written.

AS WITNESS the hands of the parties hereto the day and year first above written.

SIGNED by the above named.....
(The landlord)

In the presence of.....



SIGNED by the above named mentioned.....
(The tenant)

In the presence of.....

3. An eviction order

A landlord can evict a tenant and serve a Notice of Intention to Seek Possession (Section 8). A landlord can serve this notice and give a minimum of two weeks' notice to the tenant for the following main reasons:

1. The tenant is 14 days in arrears.
2. Repeatedly late rent payment (even if the tenant is not in arrears at the time the notice is served).
3. Any breach of the AST.
4. Annoyance to neighbours.
5. It is found that the tenant has given false information to obtain the tenancy.

A landlord can serve this notice and give a minimum of two months notice to the tenant for the following main reasons:

1. You wish to reside in the property.
2. Mortgagees wishing to repossess.

Below is an example of a Notice of Intention to Seek Possession (Section 21):

**HOUSING ACT 1988
SECTION 21(1)**

**NOTICE REQUIRING POSSESSION OF A DWELLING HOUSE LET ON AN ASSURED
SHORTHOLD TENANCY**

To: *[insert tenant's name]*

Of: *[insert investment property's address]*

I as your landlord named in the Schedule below HEREBY GIVE YOU NOTICE THAT POSSESSION IS REQUIRED by me of the premises described in the Schedule below and which you hold of me as tenants on 31st January 2002.



Dated

Signed

SCHEDULE

The premises let to you: *[insert investment property's address]*

Name and address of landlord: *[insert landlord's name and address]*

If the tenant doesn't leave then:

1. File copies of the notices sent to the tenant with the court. Sue for all rent arrears and legal costs and court fees.
2. Wait for 14 days for the tenant to reply.
3. If no response is made (which is likely) then a possession order is made giving 14 days notice.
4. If the tenant doesn't leave then call the police to evict them as they are now in your property unlawfully.

We have to face a reality here though. This procedure will take a long time, give you stress and you can potentially lose up to six months' rent. If you include court fees and solicitors' costs and the threat of damage to your property the whole eviction process could cost you in excess of £3,000. If you want the tenant out of your property and they have ignored all your notices then offer to pay them to leave. This option could be cheaper. I would suggest one months' rent being fair. This will pay the deposit for their next property.

Try to initiate a friendly separation. Do not add fuel to an already fiery situation by losing your temper and threatening immediate court action. Statistically only three per cent of tenants tend to be bad tenants – bad tenants being tenants that have no *intention* of paying the rent, not tenants that lose their job and can't pay their rent. If a tenant loses their job it is more than likely that they are going to get another job. If they have been relatively good payers of the rent then be patient with them.

In my experience I would say that the three per cent statistic is right. The majority of people wish to settle in a home and feel secure. The best way for them to feel secure is to pay their rent on time.

Insurer

You will have to enter legal contracts with insurance companies to cover you against certain risks. Your insurance will only ever be valid if you have originally told the truth on your proposal form when obtaining the insurance. The main insurances you will take out when investing in property will be:

- **Buildings insurance** – The insurance you pay to cover the property against fire, vandalism, water damage or weather damage.



- **Contents insurance** – This is insurance for items such as carpets, furniture and other fittings that you have provided for the property.
- **Rental guarantee** – This is insurance against your tenant defaulting on the rental payments.
- **Emergency assistance** – This insurance will cover the costs of any emergency repairs that have to be carried out including all call out charges.

When filling out the form they will ask you about previous claims. If you have any previous claims then reveal them. If you do have to make a claim and you have not told them about a previous claim then they do not have to pay out. It is very easy for them to find out if you have had a claim as they have a central register of all claims paid out.

If you do lie and they catch you out you will find it difficult to get insurance in the future, as you may be put on a blacklist which is accessible to all insurers.

Letting agents

If you do decide to use a letting agent then you have to read their terms and conditions very carefully. Watch for:

- **Timeliness of payment** – Check to see how soon the letting agent has to hand over the money, once the tenant has received it. I would not accept any period longer than three days.
- **Get out clauses** – If you decide to no longer use the letting agent check to see how easy it is to get out. One agent tried to sue me for all the lost commission he would have earned even though I was now collecting the rent! If you have an idea of using a letting agent at first and then taking over in six months inform the letting agent of this intention. You may be able to strike a deal where you have a realistically priced option to get out of the contract.

Regulatory

There are three main regulations governing the renting of properties:

1. Gas safety
2. Electrical safety
3. Fire resistance

1. Gas safety

If there is gas at the property then you have to get a landlords safety record from a CORGI registered engineer. They will inspect:

- The central heating boiler
- Oven and hob
- Gas fire
- Gas meters

If you do not get one of these certificates and someone suffers or even dies from carbon monoxide poisoning then you could face a hefty fine and imprisonment. The guilt will be even worse.

2. Electrical safety



A yearly inspection is needed for all electrical appliances supplied with the property by an NICEIC contractor. Basically anything electrical will need to be examined and passed by the NICEIC contractor.

So it's quite obvious - keep the number of electrical items to a minimum! The fewer electrical items you supply the less there is likely to go wrong. This limits the reasons why your tenant can ring you up telling you about a problem. You don't need your tenant ringing you up at 6am complaining about the kettle not working.

There is no certificate issued but an inspection will cover you from being sued if any electrical appliance were to harm your tenants or their guests.

3. Fire resistance

All upholstered furniture must comply with the Furniture and Furnishings (fire) (safety) Regulations 1988. You can tell if the furniture is compliant because there will be a label in the cushioning. Any furniture purchased after 1990 will automatically comply with all fire regulations.

Although not a legal requirement, I would recommend that smoke alarms be installed in rented properties to cover you against any negligence claim if you were to be sued.

All-encompassing

You will also be legally bound by the normal all-encompassing laws of the land. This includes:

1. The law of tort - negligence and personal injury.
2. Criminal law.

We are all bound by the above two laws even if you are not a property investor.

1. The law of tort

Even though you may have all the safety records in place you still owe a duty of care to your tenant and anyone that enters your property. If it can be shown that you were negligent in any way then you could be sued and ordered to pay damages.

As a landlord you are liable for any damages if all of these conditions are satisfied:

- i) Your tenant or anyone entering your investment property were to suffer an injury; and
- ii) You owed a duty of care to the person entering your investment property who suffered the personal injury; and
- iii) You breached that duty of care.

So for example if Zak, the landlord, failed to fix the cooker socket in the kitchen and the tenant's guest, Liz, suffered an electric shock burn then Zak would be liable to compensate Liz for her injury.

This is because:



- i) Liz suffered injury;
- ii) Zak owed a duty of care as it is realistically expected that a tenant would invite a guest into their property;
- iii) Zak breached that duty of care, as he did not fix the socket when asked to by the tenant.

2. Criminal law

Even if your tenant hasn't paid you any rent for two months you cannot 'send the boys round'. Threatening your tenant or being violent to your tenant because he hasn't paid you any rent is no justification for your behaviour in the eyes of the law. Investing in property can sometimes challenge your ability to remain calm and situations can become quite heated.

Remember, it's only money! This is the phrase I say to myself when I get stressed when a tenant 'does a runner' and leaves me with £1,500 owing. Like I said in my introduction, you have to be a responsible person and realise that if you want to take investing in property seriously then you have to act lawfully in every way.

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- i) 100 per cent LTV mortgage providers
 - ii) List of buy-to-let mortgage providers
 - iii) List of property web sites
 - iv) Mortgage brokers
 - v) List of accommodation projects
 - vi) List of hotspots
 - vii) List of freephone/lo-call providers
 - viii) List of credit checking agencies
 - ix) Guaranteed rent & maintenance providers
 - x) Letting agents
 - xi) Management software providers
- 9. REFERENCE CHAPTER**

In this chapter you will find all the addresses, phone numbers and web sites you will ever need to get started in property investment. This chapter covers:

- xii) Local newspapers

i) 100 per cent mortgage providers

100 per cent mortgage providers can fund the whole purchase price of a property. Some providers below also refund the valuation and legal fees.

Lender:	Royal Bank of Scotland
Tel:	0800 121121
Arrangement fee:	Nil
Valuation/legal fee refunds:	N/A
Cashback:	Nil
Early redemption penalty:	3% until 01/01/2004 then 2% until 01/01/2005
Mortgage indemnity premium:	Applied above 90%
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.75 x joint income
Notes:	2% discount. Lender charges interest on a daily basis. Free accident, sickness and unemployment cover for 3 months. Higher income multiples for professionals.

Lender:	Bank of Scotland
Tel:	0845 3060032
Arrangement fee:	£300.00
Valuation/legal fee refunds:	N/A
Cashback:	Nil



Early redemption penalty:	Repay discount received within 3 years thereafter £150
Mortgage indemnity premium:	Applied above 75%
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.75 x joint income
Notes:	1% discount. Higher income multiples for professionals.

Lender:	NatWest
Tel:	0800 400999
Internet:	http://www.natwest.co.uk
Arrangement fee:	Nil
Valuation/legal fee refunds:	N/A
Cashback:	Nil
Early redemption penalty:	None
Mortgage indemnity premium:	Applied above 90%
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.75 x joint income
Notes:	Will not lend in Northern Ireland. 1% discount.

Lender:	Scottish Widows Bank
Tel:	0845 8450829
Arrangement Fee:	Nil
Valuation/legal fee refunds:	Valuation fees refunded - maximum £250 Legal fees refunded - maximum £150
Cashback:	Nil
Early redemption penalty:	Legal and valuation fees reclaimed within 3 years
Mortgage indemnity premium:	N/A
Conditional insurances:	N/A



How much you can borrow:	Single income: 4 times Joint incomes: 4 times main income plus 1 times second income or 3 x joint income
Notes:	Will not lend in Northern Ireland. Cheque book facility available. Available only to Medical Doctors, Dentists, Accountants, Teachers, Optometrists and Solicitors. Payment holidays allowed. Lender charges interest on a daily basis. Not available for remortgages. Professional Mortgage: Lending available up to 110% LTV, additional 10% is on unsecured basis over a maximum 10-year period.

Lender:	Northern Rock
Tel:	0845 6050500
Internet:	http://www.northernrock.co.uk
Arrangement fee:	£395.00
Valuation/legal fee refunds:	N/A
Cashback:	£500.00
Early redemption penalty:	Repay cashback within 2 years in full and half within year 3
Mortgage indemnity premium:	N/A
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.6 x joint income.
Notes:	Will not lend in Northern Ireland. Free accident, sickness and unemployment cover for 6 months. Scheme allows 75% mortgage secured against the property and up to 30% unsecured. Lender charges interest on a daily basis. Credit Card can be applied for after 6 months with guaranteed spend of £5,000 and set at Company's Standard variable rate, currently 6.30%. Rate guaranteed to remain below the rate of the 90% tier of the together variable rate (currently 5.59%). Not available for remortgages. Lower arrangement fee applies for existing customers not moving home. Ability to overpay, underpay and take payment holidays.

Lender:	Mortgage Express
Tel:	0500 212854
Arrangement Fee:	£325.00



Valuation/legal fee refunds:	N/A
Cashback:	Nil
Early redemption penalty:	3 Months interest within 1 year
Mortgage indemnity premium:	N/A
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.75 x joint income.
Notes:	Will not lend in Northern Ireland. Scheme is Bank of England base rate (currently 4.00%) plus 2% with a 0.50% discount for life of mortgage. Ability to overpay, underpay and take payment holidays.

Lender:	Yorkshire Building Society
Tel:	0845 1 200 100
Internet:	http://www.ybs.co.uk
Email:	Dept_Callcentre@ybs.co.uk
Arrangement fee:	Nil
Valuation/legal fee refunds:	N/A
Cashback:	Nil
Early redemption penalty:	None
Mortgage indemnity premium:	Applied above 90%
Conditional insurances:	N/A
How much you can borrow:	Single income: 3 times Joint incomes: 3 times main income plus 2 times second income or 0 x joint income.
Notes:	Scheme is standard variable rate (currently 5.45%) plus 0.25% for term. Minimum age 25. Lender charges interest on a daily basis. Enhanced income multiples available for purchase (not first time buyers) for those aged over 40, refer to lender for details. Free mortgage payment protection insurance for first 6 months. Ability to overpay, underpay and take payment holidays. Not available for remortgages.



Lender:	Freedom Finance Mortgage & Loans Ltd.
Tel:	01625 416000
Email:	office@Freedommortgage.co.uk
Arrangement fee:	£299.00
Valuation/legal fee refunds:	N/A
Cashback:	Nil
How much you can borrow:	Single income: 3 times Joint incomes: 3 times main income plus 1 times second income or 2.5 x joint income
Notes:	Will not lend in Northern Ireland. Product only available via Freedom Finance Mortgage & Loans Ltd. who may charge additional fees.

Lender:	Leeds & Holbeck
Tel:	08000 725726
Internet:	http://www.leeds-holbeck.co.uk
Email:	info@leeds-holbeck.co.uk
Arrangement fee:	Nil
Valuation/legal fee refunds:	N/A
Cashback:	£250.00
Early redemption penalty:	6 months at Standard Variable Rate
Mortgage indemnity premium:	N/A
Conditional insurances:	Contents Buildings
How much you can borrow:	Single income: 3 times Joint incomes: 3 times main income plus 1 times second income or 2.5 x joint income.
Notes:	Enhanced income multiples available for lower loan to values. Enhanced income multiples also available for professional occupations, (refer to lender), to 90% loan to value. 0.24% Loading if lender's buildings and contents not taken until 01/04/2005. Free mortgage payment protection for 6 months is available; refer to lender for full details.

Lender:	Sainsburys Bank
Tel:	0500 700600



Valuation/legal fee refunds:	N/A
Cashback:	Nil
Early redemption penalty:	6 months
Mortgage indemnity premium:	Applied above 90%
Conditional insurances:	N/A
How much you can borrow:	Single income: 3 times Joint incomes: 3 times main income plus 1 times second income or 2.5 x joint income
Notes:	Lender charges interest on a daily basis.

Lender:	Cheltenham & Gloucester
Tel:	0800 272131
Internet:	http://www.moneynet.co.uk/cheltglosjump.htm
Email:	enquiries@cgdirect.demon.co.uk
Valuation/legal fee refunds:	Valuation fees refunded
Cashback:	Nil
Early redemption penalty:	2% until 30/04/2003 then 1% until 30/04/2004
Mortgage indemnity premium:	N/A
Conditional insurances:	N/A
How much you can borrow:	Single income: 3 times Joint incomes: 3 times main income plus 1 times second income or 2.5 x joint income.
Notes:	Will not lend in Northern Ireland. Also available with builders deposit scheme, Right to Buy Local Authority and Housing Association schemes. Arrangement fee paid by lender for existing C&G, Lloyds Bank and TSB mortgage customers moving home (England & Wales only).

Lender:	Nationwide
Tel:	0800 302010
Arrangement fee:	Nil
Valuation/legal fee refunds:	Valuation fees refunded



Cashback:	Nil
Early redemption penalty:	None
Mortgage indemnity premium:	N/A
Conditional insurances:	N/A
How much you can borrow:	Single income: 3.25 times Joint incomes: 3.25 times main income plus 1 times second income or 2.75 x joint income
Notes:	CAT standards apply. Lender will use affordability calculation to calculate potential loan size - refer to lender for details. Lender charges interest on a daily basis. Rate capped at 0.50% above Base mortgage rate (currently 5.24%) and guaranteed to be no more than 2% above Bank of England Base rate (currently 4.00%). Ability to overpay, underpay and take payment holidays



ii) Buy-to-let mortgage providers

If you wish to approach a lender direct then you can refer to this list. The mortgage companies listed below will fund anywhere between 50 per cent to 85 per cent of the purchase price of an investment residential property. Some of these lenders require that you are employed or earning in excess of a certain limit. I have listed them in descending LTVs. Thus the higher up the list your choice of lender is the greater the buying power you have.

85 per cent LTV

Lender:	Bristol & West
Tel:	0845 300 8000
Internet:	http://www.bristol-west.co.uk
Email:	
Arrangement fee:	Nil
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales
Notes:	1. Minimum valuation of any property: £30,000. 2. DSS tenants are allowed. 3. No first time buyers. 4. Anticipated rent must be greater, or equal to, 125% of interest payment based on 9% charge rate. 5. Minimum income of £15,000 required. 6. Maximum of five properties per applicant allowed, total borrowing of £500,000. 7. Borrowers must be over 25. 8. Ability to overpay, underpay and take payment holidays. 9. Scheme is Bank of England base rate (currently 4.00%) plus 0.25%. 10. Booking fee of £399 is payable. 11. Employed applicants: Last months payslip and employers reference. 12. Self-employed applicants: Agreed tax assessments from the latest year, latest year audited accounts, prepared by a chartered, certified, or authorised public accountant. A letter from a chartered, certified or authorised public accountant confirming the applicants salary or share of profit.

Lender:	Paragon
Tel:	0800 375777
Internet:	http://www.paragon-mortgages.co.uk
Email:	mortgages@paragon-group.co.uk
Arrangement fee:	£500.00
Repayment options:	Any



Life insurance required:	Yes
Acceptable areas:	England, Wales and Scotland allowed
Notes:	1. Minimum valuation of any property: £33,333. 2. Minimum lease allowed: 40 years on maturity of mortgage. 3. Up to 50% of the rental income may be added to applicant's income, provided this does not exceed 20% of individual's total income. Although for more than one property lending different rules apply. 4. DSS, council or student tenants allowed. 5. No ex-local authority, studio or shared ownership properties allowed. 6. Will lend to limited companies. 7. Arrangement fee of between £200-£1,000 charged depending on circumstances. 8. Lender allows non-status lending, usually to 65%, at a higher rate. 9. Scheme is a LIBOR linked plus 0.75% in the first year, and 1.75% thereafter. 10. Lender offers a free switch at any time to one of its new fixed or capped rates for applicants who have taken either the variable or LIBOR linked rates. 11. No up front valuation fees. 12. Will consider single property divided into maximum 20 units, minimum valuation £100,000. 13. Will consider single property divided into maximum 10 units, minimum valuation £50,000. 14. Minimum age of applicants 21.

Lender:	Birmingham Midshires
Tel:	01902 302591
Internet:	http://www.bm-solutions.co.uk
Email:	Lending@birminghammidshires.co.uk
Arrangement fee:	£299.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Minimum valuation: £40,000 (£75,000 in London). 2. Limit of 10 buy-to-let properties per borrower up to a limit of £100,000. 3. Rental income can be used if 125% of monthly mortgage payments. 4. Holiday lets acceptable. 5. Multiple lets including student lets are not acceptable. 6. Refer to lender for terms for expatriates. 7. Intermediary only. 8. Lender will allow 1 satisfied CCJ and arrears of £250 registered within the last 2 years. 9. 0.76% discount. 10. Minimum declared income £10,000 p/a.



Lender:	Freedom Finance Mortgage & Loans Ltd.
Tel:	01625 416000
Internet:	http://www.FreedomFinance.co.uk
Email:	
Arrangement fee:	£500.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Scotland, Wales and Northern Ireland.
Notes:	1. Rental income must exceed 130% of mortgage repayments. 2. Up to 10 properties allowed (£250,000 per property). 3. Bank of England base rate (currently 4.00%) plus 2%. 4. Arrangement fee is 1% of loan.

Lender:	Future Mortgages
Tel:	0800 389 1221
Internet:	http://www.future-mortgages.co.uk
Email:	sales@future-mortgage.co.uk
Arrangement fee:	£149.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Wales and Scotland.
Notes:	1. Minimum valuation of any property: £50,000 for London postcodes and £20,000 for other areas. 2. Minimum lease allowed: 25 years on maturity of mortgage. 3. Lending will be based on rental income being 1.25 X the gross monthly payment. 4. Loans above £200,001 charged an additional 0.5% on the interest rate and 1% for loans below £25,001. 5. Lender charges an additional fee of £295 which is added to the loan on completion. 6. Lender requires a specialist letting report to be undertaken with cost of £50 being met by applicant. 7. Rate is LIBOR (currently 4.00%) plus a minimum of a 3% loading. 8. Lender will allow adverse credit - CCJ'S, any number to £3,000 and arrears of 3 months in last 12 months (none in last 3 months). 9. Maximum of 5 loans (4 rental and primary residence) total £500,000. 10. Discharged bankrupts allowed within last 6 months but must



	provide last 3 months bank statements.
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80 per cent LTV

Lender:	UKCFG**
Tel:	01732 763660
Email:	sevenoaks@mortgagesforbusiness.co.uk
Arrangement fee:	£500.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Wales and Scotland allowed
Notes:	1. Minimum valuation of any property: £62,500. 2. Minimum lease allowed: 25 years on maturity of mortgage. 3. Gross rental income to exceed mortgage payment by 30%. 4. DSS, council or student tenants not allowed. 5. No ex-local authority, studio or bedsit property allowed. 6. Product only available via UKCommercial Funding Group members who are accredited to the NACFB and may charge additional fees. 7. Rate reverts to Bank of England base rate (currently 4.00%) plus 1.50% for loans up to 75% and plus 1.75% for loans up to 80%. 8. Unlimited number of properties to maximum £1million total loans.

Lender:	Chelsea
Tel:	0800 291291
Internet:	
Email:	
Arrangement fee:	£440.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Scheme is standard variable rate (currently 5.69%) plus 0.25% with 2.00% discount for 6 months. 2. Anticipated rent must be greater, or equal to, 125% of interest payment based on



	standard variable rate. 3. Maximum of five properties per applicant allowed, total borrowing of £500,000. 4. Property must be self-contained and have no more than five bedrooms and no more than one kitchen. 5. The letting must be on the basis of a single letting on the entire property and be on an Assured Shorthold Tenancy. The term of the letting must be for no longer than 6 months. The property must be either vacant or have a pre-existing Assured Shorthold tenancy subject to a maximum tenancy of 6 months.
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Lender:	Coventry
Tel:	0845 766 5522
Internet:	http://www.coventrybuildingsociety.co.uk
Email:	csc@coventrybuildingsociety.co.uk
Arrangement fee:	£400.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Wales and Main Land Scotland
Notes:	1. Property must be let on an assured shorthold tenancy. 2. Not available to companies or partnerships. 3. Minimum annual income for main earner is £25,000. 4. Employed applicants must be in permanent employment and have been so continuously for 12 months. 5. Self-employed verified via last two years accounts. 6. Flats in block of no more than 5 storeys allowed, maximum loan 75%. 7. Applicant must be aged 25 years or above. 8. Monthly rental must be at least 130% of monthly mortgage interest. 9. No studio flats or converted for multi-occupancy properties or student lets. 10. Maximum of 4 properties allowed, maximum loan of £500,000. 11. Discounted legal fees for remortgages, the £285 fee will be added on completion. 12. 1.50% discount.

Lender:	Scottish Building Society
Tel:	0131 220 1111
Internet:	
Email:	
Arrangement fee:	Nil
Repayment	Any



options:	
Life insurance required:	No
Acceptable areas:	Scotland
Notes:	1.1% discount. 2. Maximum of three properties per applicant allowed. 3. Maximum total borrowing must not exceed £250,000. 4. Total borrowing should not be more than 3 times prime income plus 50% of rental income plus second income or 2.5 times joint plus 50% of rental income. 5. Maximum term 40 years. 6. Available on these terms to customers based in Scotland. 7. Flexible options, ability to make over and under payments and payment holidays.

Lender:	Britannic Money Plc.
Tel:	01372 737737
Internet:	http://www.britannicmoney.com
Email:	info@britannicmoney.com
Arrangement fee:	£500.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	National coverage.
Notes:	1. Minimum valuation of any property; £40,000. 2. Minimum lease allowed 30 years on maturity of mortgage. 3. Minimum fee charged £500. 4. Applicants must be residential homeowners (minimum 1 year). 5. The rental income must be at least equal to 130% of the monthly payment as calculated at the charging rate. 6. DSS, council or student tenants not allowed. 7. Curriculum Vitae required on all applicants. 8. Lender may advance more than normal maximum if a suitable investment policy with a surrender value can be assigned. 9. Rate charged is LIBOR plus 1.40% loading. 10. Now available to UK ex-pats at 70%. 11. Lender also offers self- certification of income facility to 80% LTV. 12. 0.75% discount for 2 years. 13. Refer to lender to consider multiple properties, Portfolio Cases Only, up to £1 million at 80% loan to value and above £1 million by negotiation.

Lender:	Legal & General Bank
Tel:	0500 666555



Internet:	http://www.landg.com
Email:	
Arrangement fee:	£150.00
Repayment options:	Interest only
Life insurance required:	Yes
Acceptable areas:	Fully national
Notes:	1. Minimum valuation of any property: £35,000. 2. Minimum lease allowed: 50 years on maturity of mortgage. 3. DSS and council not considered. 4. Scheme is 1%, 0.75%, then 0.50% discount in year 3. 5. Minimum annual gross income £15,000. 6. Rental income to be a minimum of 130% of mortgage repayments. 7. Minimum age of applicants 25. 8. No first time buyers, i.e. must have main residential mortgage. 9. Overpayments and draw down facility. 10. £400 cashback. 11. Free valuation. 12. Lettings to student tenants allowed providing there are no more than five bedrooms and no more than seven tenants.

Lender:	Scarborough
Tel:	08705 133149
Internet:	http://www.scarboroughbs.co.uk
Email:	
Arrangement fee:	£325.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales
Notes:	1. Will not lend in Scotland or Northern Ireland. 2. 1.04% discount. 3. Income multiples 3 x main, plus 1 x second or 2.5 x joint income, also up to 50% of rental income on a stand alone basis. 4. 1 property maximum. 5. Minimum age of applicant 18. 6. Minimum valuation: £50,000. 7. Capital Raising criteria for those applicants between 55 and 80, maximum 60% loan to value, minimum valuation: £50,000, maximum term: 25 years and maximum age at maturity: 80.

Lender:	Verso
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Tel:	0845 8 403020
Internet:	
Email:	
Arrangement fee:	£500.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Wales and Scotland.
Notes:	1. Minimum valuation of any property: £30,000. 2. Multiple properties allowed, maximum loan based on each property not on total of portfolio. 3. Minimum age: 21. 4. Rental income to equal 125% of amount of mortgage calculated at 7%. 5. DSS, council, company lets, tenants with diplomatic immunity and multi-let properties not allowed. 6. Only available through brokers. 7. Arrangement fee 1% of advance (minimum £500). 8. Assured shorthold tenancy for a maximum of 12 months. 9. Only 1 tenancy per property. 10. Applicants must be UK or EU nationals, resident and employed in the UK. 11. Verso may insist on the appointment of a suitably qualified letting agent. 12. Bank of England base rate (currently 4.00%) plus 0.98%.

Lender:	UCB Home Loans
Tel:	0645 401400
Internet:	http://www.ucb.co.uk
Email:	
Arrangement fee:	£495.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Scheme is Bank of England base rate (currently 4.00%) plus 1.99% with a 1% discount for three years. 2. DSS, council or student tenants not allowed. 3. Income can be based on both personal and rental income. 4. Self-certification applicants welcome. 5. Applicants can borrow up to 3.25 + 1 times income or 2.75 joint plus up to 6.5 times annual rental income if intending to let. 6. Purchase 2 properties in addition to main residence. 7. Main residence can be remortgaged to raise capital.



Lender:	West Bromwich
Tel:	0121 580 6404
Internet:	http://www.westbrom.co.uk
Email:	
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	National coverage
Notes:	1. Minimum valuation of any property: £35,000. 2. Minimum lease allowed: 40 years on maturity of mortgage. 3. No ex-local authority or pre-1920 terraced property allowed. 4. DSS or council tenants not allowed. 5. Rent guarantee policy may be required. 6. Maximum of three properties allowed. 7. Rental income to be 150% of mortgage repayment. 8. 0.75% discount. 9. Capital repayments up to 10% allowed each year without penalty.

Lender:	NewWorld
Tel:	0845 845 4455
Internet:	http://www.mynewworld.com
Email:	
Arrangement fee:	£500.00
Repayment options:	Interest Only
Life insurance required:	No
Acceptable areas:	England & Wales
Notes:	1. Maximum loan (over £500,000) will be based on affordability. 2. Up to 75% of gross rental income allowed. 3. Property exclusions, flying freehold, freehold flats, vacant land and shared ownership schemes. 4. UK residents over 18 years old. 5. Self-employed you will need 3 years statements of trading profits certified by accountant. 6. Single or multiple borrowers (maximum of 4). 7. The capped rate detailed is the maximum amount you will pay under this scheme. Payments are calculated on the introductory rate or the standard variable rate, whichever is the lower. 8. Scheme is capped at 6.99%. 9. Booking fee of £295 applies.



Lender:	Capital Home Loans
Tel:	020 7624 5118
Internet:	http://www.chlmortgages.co.uk/
Email:	
Arrangement fee:	£500.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Mainland England, Wales and Northern Ireland
Notes:	1. Minimum valuation of any property: £40,000 (minimum of £50,000 for one-bedroom flats/maisonettes). 2. Minimum lease allowed, 35 years on maturity of mortgage. 3. Minimum arrangement fee: £300. 4. Applicants must be resident and paying UK tax for a minimum of 3 years. 5. Applicants must be existing home owners with an outstanding mortgage or be a limited company /property developer/commercial landlord. 6. Rental income must be at least 150% of the mortgage interest. 7. DSS, council or student tenants not allowed. 8. Loans over £637,500 by negotiation. 9. Scheme is Bank of England base rate (currently 4.00%) plus 1.24%.

Lender:	Irish Permanent
Tel:	0208 748 0258
Internet:	http://www.chlmortgages.co.uk
Email:	
Arrangement fee:	£500.00
Repayment options:	Any
Life Insurance required:	No
Acceptable areas:	Mainland England, Wales and Northern Ireland.
Notes:	1. Minimum valuation of any property: £40,000 (minimum of £50,000 for one-bedroom flats/maisonettes). 2. Minimum lease allowed, 35 years on maturity of mortgage. 3. Minimum arrangement fee: £300. 4. Applicants must be resident and paying UK tax for a minimum of 3 years. 5. Applicants must be existing home owners with an outstanding mortgage or be a limited company /property developer/commercial landlord.



	6. Rental income must be at least 150% of the mortgage interest. 7. DSS, council or student tenants not allowed. 8. Loans over £637,500 by negotiation. 9. Scheme is Bank of England base rate (currently 4.00%) plus 1.24%.
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Lender:	Royal Bank of Scotland
Tel:	0800 121121
Internet:	http://www.royalbankscot.co.uk
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	Nationwide
Notes:	1. Maximum of two properties per applicant allowed. 2. Maximum total value £1million. 3. Minimum fee is 0.5% plus £295. 4. Rental income must exceed 130% of mortgage repayments. 5. Lender will use affordability calculation to calculate potential loan size, refer to lender for details. 6. Ability to overpay and take payment holidays. 7. DSS or council tenants not allowed. 8. Maximum term of 25 years.

Lender:	Skipton
Tel:	01756 705000
Internet:	http://www.skipton.co.uk
Email:	
Arrangement fee:	£125.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Wales and Scotland
Notes:	1. Minimum valuation of any property: £40,000. 2. Minimum lease allowed: 50 years on maturity of the mortgage. 3. Minimum income or profit (before tax) must be £20,000 for main applicant, and the expected rental income must cover the mortgage interest by 1.5 times. 4. DSS or council tenants not allowed. 5. 0.30% discount. 6. Lender charges



	interest on a daily basis. 7. Applicant must be a current homeowner. 8. Interest calculated daily. 9. Maximum of 3 properties. 10. Capital raising allowed to fund other buy-to-let purchases. 11. Guarantors allowed with prior approval.
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Lender:	Mortgage Express
Tel:	0500 111130
Internet:	http://www.mortgage-express.co.uk
Email:	arla@mortgage-express.co.uk
Arrangement fee:	£325.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	National coverage.
Notes:	1. Minimum valuation allowed: £33,333. 2. Minimum lease allowed: 25 years on maturity of the mortgage. 3. DSS, council or student tenants not allowed. 4. Applicants must have income, outside of rental income of at least £20,000. However, the ability to repay the mortgage is based on the fact that the rental income must be at least 130% of the mortgage payment. 5. Lender offers facility to overpay and then draw down funds as required. 6. Rate charged is linked to Bank of England base rate (currently 4.00%) plus a loading of 1.50%. 7. Lender offers a non-status facility to all applicants at either 50%, 60% or 70% of the property value/price with a loading to the above rate. 8. Letting assessment fee of £60 will be made.

Lender:	Sainsburys Bank
Tel:	0500 700600
Internet:	http://www.sainsburys.co.uk
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	Fully national
Notes:	1. Minimum valuation of any property: £60,000. 2.



	<p>Minimum lease allowed: 50 years on maturity of mortgage. 3. DSS, council, company or student tenants not considered. 4. Rate is Bank of England base rate (currently 4.00%) plus 1.50%. 5. The lender will use an affordability calculation based on the anticipated rental income. 6. Gross annual rental income must equate to at least 10% of the loan amount. 7. Maximum of 65% for non-UK residents. 8. Maximum of five properties allowed, 30% required for each property purchased. 9. Applicants must own and reside in own property (i.e. no first time buyers). 10. Maximum amount: £350,000 per customer.</p>
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Lender:	Scottish Widows
Tel:	0845 8450829
Internet:	http://www.scottishwidows.co.uk
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	Fully national
Notes:	<p>1. Minimum valuation of any property: £37,500. 2. Minimum lease allowed: 30 years on maturity of mortgage. 3. DSS tenants not allowed. 4. Interest is charged on a daily basis, so the scheme is flexible and allows overpayments and draw down of funds. 5. Confirmation to be received that applicant is not solely reliant on rental income; non-property related income must be £15,000 p.a. or more. 6. Monthly rental income should be at least 130% of monthly payments. 7. Minimum age of applicants is 21. 8. Maximum of three properties. 9. Interest only loans up to 70% allowed where residential mortgage already held or is being transferred to Scottish Widows Bank. 10. Bank of England base rate (currently 4.00%) plus 1.50%.</p>

Lender:	Clydesdale Bank
Tel:	0800 419000
Internet:	http://www.cbonline.co.uk
Email:	
Arrangement fee:	£500.00
Repayment	Interest only



options:	
Life insurance required:	No
Acceptable areas:	England, Scotland & Wales
Notes:	1. Minimum valuation of any property: £12,500. 2. Minimum lease allowed: 6 months. 3. The lender will use an affordability calculation based on the anticipated rental income. 4. Minimum arrangement fee of £100. 5. Maximum of three properties per applicant allowed. 6. Booking fee: £200.

Lender:	Yorkshire Bank
Tel:	0800 202122
Internet:	http://www.ybonline.co.uk
Email:	
Arrangement fee:	£500.00
Repayment options:	Capital and Interest
Life Insurance required:	No
Acceptable areas:	England & Wales
Notes:	1. Minimum valuation of any property: £12,500. 2. Minimum lease allowed: 6 months. 3. The lender will use an affordability calculation based on the anticipated rental income. 4. Minimum arrangement fee of £100. 5. Maximum of three properties per applicant allowed. 6. Booking fee: £100.

Lender:	Manchester
Tel:	0161 833 8885
Internet:	http://www.themanchester.co.uk
Email:	info@themanchester.co.uk
Arrangement fee:	£150.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	England, Wales
Notes:	1. Minimum valuation of any property: £50,000. 2. Minimum lease allowed: 50 years on maturity of mortgage. 3. DSS, council or student tenants are not allowed. 4. Arrangement fee waived if building insurance taken from lender. 5. Building insurance



is compulsory in the first three years. If taken from society then arrangement fee is not charged. 6. The mortgage size will be limited to a maximum of six times the annual rental income. 7. Mortgage indemnity is charged on loans above 75%. Call lender for details.

Lender:	Cheshire
Tel:	0345 550555
Internet:	http://www.cheshirebs.co.uk
Email:	
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England (including Isle of Wight) and Wales
Notes:	1. DSS, students, and multiple tenants are not allowed. 2. Maximum of 3 properties. 3. The gross assured monthly rental income is to be at least 125% of the monthly mortgage payments based on Capital and Interest Standard Variable Rate. 4. Applicants must already own and occupy their own property. 5. Applicants' minimum income must be at least £20,000 (joint £30,000). 6. Applicants' minimum age is 25. 7. Loans over £250,000 by negotiation with lender. 8. Arrangement fee on loans above £100,000 up to £250,000 is £350 over £250,000 by negotiation. 9. Compulsory buildings insurance will be arranged for 3 years. 10. If property has been converted into individual flats then maximum number of flats is three, minimum loan £30,000 per flat. 11. Free valuation.

Lender:	Ipswich Building Society *
Tel:	01473 213110
Internet:	http://www.ipswich-bs.co.uk
Email:	enquiries@ipswichbuildingsociety.co.uk
Arrangement fee:	£195.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales only



Notes:	1. Minimum lease allowed: 30 years on maturity of the mortgage. 2. DSS, council or student tenants not allowed. 3. Monthly rental income must be at least 130% of monthly interest repayment. 4. Free valuation for existing members. 5. Up to 4 properties considered. 6. Properties must not be in multiple occupancy. 7. Letting must be on an unfurnished basis. 8. Lettings must not be to a company or business. 9. Assignment of the rental income is required.
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Lender:	First Trust Bank
Tel:	01232 325599
Internet:	http://www.firsttrustbank.co.uk
Email:	
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Northern Ireland
Notes:	1. Scheme is Bank of England base rate (currently 4.00%) plus 1.75%. 2. Maximum term 20 years. 3. Maximum 3 properties per customer. 4. Properties in Northern Ireland only. 5. Income based on 3, 1 or 2.5 joint plus 50% of rental income. 6. Lender charges interest on a daily basis.

Lender:	Leeds & Holbeck
Tel:	0113 225 7777
Internet:	http://www.leeds-holbeck.co.uk
Email:	
Arrangement fee:	£399.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Fully national
Notes:	1. Minimum valuation of any property: £50,000 (£85,000 London postcodes and £70,000 for South East postcodes). 2. Rental income to be 130% of monthly mortgage payment calculated on an interest only basis. 3. Portfolio of three properties allowed. 4. Capital repayments up to 10% allowed



	each year without penalty.
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Lender:	National Counties
Tel:	01372 742211
Internet:	http://www.ncbs.co.uk
Email:	
Arrangement fee:	£495.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales and within predominantly residential areas
Notes:	1. Minimum valuation of any property: £55,000 for flats/maisonettes and £80,000 for houses/bungalows. 2. Minimum lease allowed; 40 years on maturity of mortgage. 3. DSS, council or student tenants not allowed. 4. The annual rental income must be at least 140% of the gross interest payable at completion. 5. Lender requires the applicant to be conversant with the letting market having appointed a professional letting agent to manage the property. 6. Lender has general flexible attitude and may amend criteria slightly.

Lender:	Southern Pacific Mortgage Ltd
Tel:	020 7590 1500
Internet:	http://www.spml.co.uk
Email:	
Arrangement fee:	£395.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Fully national
Notes:	1. Minimum valuation of any property: £30,000. 2. Minimum lease allowed: 25 years plus mortgage term. 3. DSS, council or student tenants not allowed. 4. Only available via brokers - call the above number for broker in your area. 5. Up to 6 properties per person (maximum total borrowing £1,000,000). 6. Lender uses standard income multiples - in addition lender requires rental income



to be 130% of the mortgage repayment. 7. Lender can allow loans of £10,000-£25,000 with loading to rate of 0.70%. 8. Will allow applicants to have had adverse credit history - loan to value and interest rate will be determined by applicant situation. 9. Scheme is **LIBOR** (currently 4.00%) plus 3.45% for purchase applications, and 3.95% for remortgage applications with a 1.25% discount until 01/03/2003. 10. Mortgage indemnity charged on advances above 70% (at 5%).

Lender:	Shepshed
Tel:	01509 822000
Internet:	http://www.theshepshed.co.uk
Email:	
Arrangement fee:	£150.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Will only lend in Leicestershire and east Midlands area
Notes:	1. Minimum valuation of any property: please contact lender to discuss. 2. No leasehold properties allowed. 3. DSS, council or student tenants allowed. 4. Lender has no specific rules regarding rental income and mortgage repayment ratio. 5. Remortgage allowed: minimum loan allowed £25,001. 6. Rate is standard variable plus 0.50%.

Lender:	Kensington Mortgage Co.
Tel:	020 7376 0110
Internet:	http://www.kmc.co.uk
Email:	
Arrangement fee:	£395.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Scotland, England and Wales only
Notes:	1. Minimum valuation of any property: £33,000. 2. Minimum lease allowed: 25 years on maturity of mortgage. 3. CCJs maximum £5,000 (cleared or



	<p>not). 4. Rate is lenders standard variable plus 2.50% or (remortgage at plus 3.00%) with a 1.25% discount until 01/01/2003. 5. DSS, council or student tenants not allowed. 6. Maximum of 6 loans allowed, to a total borrowing of £750,000. 7. Gross rental income must be 130% of the mortgage payment. 8. Higher rate for remortgage applicants. 9. Secured loan/rent arrears, 1 payment lasts 0-6 months, 3 payments last 7-12 months. 10. Involuntary arrangements satisfied at completion. 11. Bankruptcy discharged 1 year before application. 12. If applicants have situation in excess of 3 above lender will consider at a higher rate.</p>
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75 per cent LTV

Lender:	Northern Rock
Tel:	0845 6050500
Internet:	
Email:	
Arrangement fee:	£495.00
Repayment options:	Capital and Interest
Life insurance required:	No
Acceptable areas:	England, Wales and Scotland allowed
Notes:	1. Minimum valuation of any property: £40,000. 2. Up to 4 properties per person. 3. Total exposure £1million. 4. Rental income must exceed 100% of mortgage repayments. 5. Minimum income must be £25,000 for main applicant. 6. Borrower must have an Assured Shorthold Tenancy Agreement. 7. Maximum number of Applicants: 4. 8. Minimum age: 21. 9. Capital repayments up to 15% allowed each year without penalty.

Lender:	Sun Bank
Tel:	01438 744555
Internet:	http://www.sunbank.co.uk
Arrangement fee:	£400.00
Repayment options:	Any
Life insurance required:	Yes



Acceptable areas:	National coverage, although will usually limit to metropolitan areas
Notes:	1. Minimum valuation: £75,000. 2. Minimum lease allowed: 35 years on maturity of mortgage. 3. 0.80% arrangement fee, minimum £500. 4. Any number of properties, maximum loan limit £1million. 5. Gross rent must be at least 125% of interest payments. 6. DSS, council or student tenants not allowed. 7. Curriculum Vitae and net worth statement required on all applicants. 8. Property must be subject to an assured tenancy agreement. 9. Lender requires all properties to be managed by professional letting agents. 10. Capital repayments up to 10% allowed each year without penalty. 11. 1.50% discount.

Lender:	Leek United
Tel:	01538 392419
Internet:	http://www.leek-united.co.uk
Email:	
Arrangement fee:	£150.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales
Notes:	1. Minimum valuation of any property: £33,333. 2. No DSS, student lets or studio flats. 3. Rental income to be at least 130% more than the mortgage interest commitment. 4. Gross rental yield to be at least 7%. 5. Lender uses affordability scale incorporating income multiples and property rental. 6. Can accommodate small portfolios of properties. 7. Society will not accept converted houses/flats. 8. 1% discount. 9. Loyalty bonus applies after 5 years (currently 0.25%). 10. Property to be let on Assured Shorthold Tenancy.

Lender:	Universal
Tel:	0191 232 0973
Internet:	http://www.theuniversal.co.uk
Email:	
Arrangement fee:	£395.00
Repayment options:	Any



Life Insurance required:	Yes
Acceptable areas:	North East England only
Notes:	1. Minimum valuation of any property: £40,000. 2. Minimum lease allowed, 35 years on maturity of mortgage. 3. DSS or student tenants are not considered. 4. The lender will use an affordability calculation based on the anticipated rental income. 5. 1% discount. 6. Maximum of 5 properties allowed.

Lender:	Mercantile
Tel:	0191 295 9500
Internet:	
Email:	enquiries@mercantile-bs.co.uk
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Fully national
Notes:	1. Mortgage secured on properties purchased and let on an Assured Shorthold Tenancy. 2. To qualify a minimum of three properties is required. 3. 1% discount.

Lender:	Woolwich Direct
Tel:	0645 757575
Internet:	
Email:	
Arrangement fee:	£350.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Fully national
Notes:	1. Minimum lease allowed: 50 years on maturity of mortgage. 2. DSS, council, company or student tenants not considered. 3. The lender will use an affordability calculation based on the anticipated rental income. 4. Gross annual rental income must cover the annual mortgage interest payment by at least 125%. 5. Maximum of 65% for non-UK residents. 6. Base rate tracker (currently 4.00%)



	plus 1.20%.
Lender:	Bank of Ireland
Tel:	0118 968 4300
Internet:	http://www.bank-of-ireland.co.uk
Email:	
Arrangement fee:	Nil
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England and Wales only
Notes:	1. Minimum valuation of any property: £33,333. 2. Minimum lease allowed: call lender to discuss. 3. DSS, council or student tenants not allowed. 4. A maximum of five properties in a portfolio will be allowed. The maximum total lending will be £500,000. 5. The lender calculates the monthly repayment based on 9% and requires the rental income to be 140% of the figure. 6. Minimum age of applicant is 25 and minimum income (outside of rental income) is £15,000. 7. Scheme is Bank of England base rate (currently 4.00%) plus 1.25% until 01/01/2005 then plus 1.75%.

Lender:	Furness
Tel:	0800 834312
Internet:	http://www.furness-bs.co.uk
Email:	callcentre@furness.co.uk
Arrangement fee:	£100.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England & Wales
Notes:	1. Maximum term: 25 years. 2. Open to UK residents. 3. Borrower must appoint a professional managing agent for the letting. 4. Employed, self-employed and retired borrowers will be considered. 5. 75% of rental income must be sufficient to cover the mortgage payment (not just the interest) at the full rate. 6. Applications cannot be considered where the sole income is derived from rental income. 7. Properties with more than 1 kitchen or



	more than 5 bedrooms per letting unit will not be accepted. 8. All flats/maisonettes must be purpose built and self-contained, bedsits not acceptable. 9. Diplomatic, student, housing association and council lets are not considered except where tenant is a limited company. 10. Maximum number of properties: 15.
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Lender:	Monmouthshire
Tel:	01633 840454
Internet:	
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Wales
Notes:	1. Minimum age: 25. 2. No first time buyers. 3. No auction properties or holiday homes. 4. Gross rental must exceed mortgage payment by 30%. 5. Free mortgage payment protection insurance for 6 months, subject to eligibility. 6. Assured Shorthold Tenancy Agreements only.

Lender:	Stroud & Swindon
Tel:	0800 616112
Internet:	http://www.stroudandswindon.co.uk
Email:	
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Fully national.
Notes:	1. Minimum valuation of any property: £43,000. 2. Minimum lease allowed: 50 years on maturity of mortgage. 3. DSS, council or student tenants not allowed. 4. Ability to make overpayments and then



	draw on overpayments at a later stage. 5. The lender will use income multiples, less existing commitments plus 140% of annual rent at 9% to determine maximum borrowings. 6. 0.75% discount. 7. Maximum loan of £250,000 per property. Total maximum borrowing allowed of £500,000 over a portfolio of three properties. 8. Fees free remortgage available includes free valuation and legal fees paid if lender's solicitor is used.
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Lender:	Bank of Scotland
Tel:	0800 810810
Internet:	
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Scheme is Bank of England base rate (currently 4.00%) plus 1.75%. 2. Minimum valuation of any property: £50,000. 3. Maximum of five properties per applicant allowed. 4. It is a condition that the applicant's residential mortgage will be held with the bank. 5. Lender will allow up to 5 times the rental income to be taken into account when assessing the loan amount. 6. Available on these terms to customers based in Scotland only. 7. DSS, Council or student tenants not allowed. 8. Call the above number for details if property is elsewhere in UK. 9. Minimum arrangement fee: £500.

Lender:	Melton Mowbray
Tel:	01664 480214
Internet:	
Email:	melton@mmbs.co.uk
Arrangement fee:	£80.00
Repayment options:	Capital and interest
Life insurance required:	



Acceptable areas:	50 mile radius of Society's principal office
Notes:	1. Available on properties within 50 miles of Society's principal office. 2. Maximum of 5 properties per borrower. 3. Maximum total borrowing of £500,000. 4. Multi-occupancy properties are not acceptable. 5. Rental income must cover mortgage payments by a minimum of 130%. 6. An assured shorthold tenancy for minimum 6 months and maximum of 12 months required.

Lender:	Buckinghamshire
Tel:	01494 873064
Internet:	
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Arrangement fee is negotiable: £250 minimum, £500 maximum. 2. No compulsory insurance's. 3. Maximum term is 25 years. 4. Purchase or remortgage of residential property that are let subject to an assured Shorthold Tenancy Agreement. 5. Capital repayments up to 10% allowed each year without penalty. 6. 80% loan to value if advance supported by personal income in addition to rental income.

Lender:	Dunfermline
Tel:	01383 627727
Internet:	http://www.dunfermline-bs.co.uk
Email:	comments@dunfermline-bs.co.uk
Arrangement fee:	£395.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Scotland only
Notes:	1. Minimum valuation of any property: £40,000 2. Minimum lease allowed: 30 years on maturity of mortgage. 3. DSS, council or student tenants not



	allowed. 4. Lender has no set criteria - will accept/decline each application on its own merits. 5. Maximum term is 20 years. 6. Maximum 2 properties in addition to main residence.
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Lender:	Harpenden
Tel:	01582 765411
Internet:	http://www.harpendenbs.co.uk
Email:	enquiries@harpendenbs.co.uk
Arrangement fee:	£200.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	England only
Notes:	1. Minimum valuation of any property: £50,000. 2. DSS, council or student tenants are considered. 3. The lender will use an affordability calculation based on the anticipated rental income.

Lender:	Loughborough *
Tel:	01509 610600
Internet:	http://www.theloughborough.co.uk
Email:	
Arrangement fee:	£250.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	East Midlands only
Notes:	1. Minimum valuation of any property: £6,500. 2. Portfolio lending allowed. 3. Rental income expected/received must exceed mortgage payment. 4. Rate charged is lenders standard variable mortgage rate (currently 5.60%) plus a loading of 0.50%.

Lender:	Saffron Walden *
Tel:	01799 522211
Internet:	http://www.swhebs.co.uk



Email:	
Arrangement fee:	£50.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	Bedfordshire, Cambridgeshire, Essex, Hertfordshire, London and Suffolk
Notes:	1. Minimum valuation of any property: £13,350. 2. Minimum lease allowed: 50 years on maturity of mortgage. 3. Minimum loan for a remortgage is £15,100. 4. DSS, council or student tenants not allowed. 5. Minimum arrangement fee: £100. Lender also charges a completion fee of up to 1.5%. 6. Curriculum Vitae and net worth statement required on all applicants. 7. Rental income must exceed mortgage payments by 75%. 8. Rate is standard variable plus 1.00%.

Lender:	Hinckley & Rugby *
Tel:	01455 251234
Internet:	http://www.hrbs.co.uk
Email:	
Arrangement fee:	Nil
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	East Midlands only.
Notes:	1. Minimum valuation of any property: £30,000. 2. Minimum lease allowed: 75 years at outset of mortgage. 3. DSS, council or student tenants not allowed. 4. Rental income, less 32.5% must cover the mortgage interest each month. 5. Properties of four stories or more are excluded. 6. Rate charged is lenders standard variable mortgage rate (currently 5.64%) plus a loading of between 1%-2%.

Lender:	Bath Building Society
Tel:	01225 423271
Internet:	http://www.bibs.co.uk
Email:	bsoc@bibs.co.uk



Arrangement fee:	Nil
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	Will lend only within 50 mile radius of Bath
Notes:	1. Minimum valuation of any property: £40,000. 2. Minimum lease allowed: call lender. 3. DSS or council tenants not allowed. 4. Evidence of income required by a recognised letting agent (ARLA) and must equate to an interest rate of 15%. 5. Rate is lenders standard variable mortgage rate plus a loading of 1%.

Lender:	Yellow Brick Road
Tel:	0800 009977
Internet:	
Email:	
Arrangement fee:	£495.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. Will not lend in Scotland or Northern Ireland. 2. Rate charged is dependent on applicant's personal circumstances and is based on the LIBOR (see glossary for definition) plus between 3.25% and 5.75%. The applicant's circumstances will also impact on the maximum loan size and the maximum percentage loan (in relation to purchase price or valuation) that is available. 4. Up to 3 months mortgage or rent arrears, no more than 1 month at application. 5. All CCJs count within 3 years of application unless satisfied over 12 months ago. 6. For loans over £200,000 an additional rate of 0.5% will apply. 7. For self-certified loans an additional rate of 0.5% will apply. 8. For remortgages an additional rate of 0.5% will apply. 9. Self-certified remortgage up to 70% LTV and 75% for purchase.

70 per cent LTV

Lender:	Nat West
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Tel:	0345 023845
Internet:	http://www.natwest.co.uk
Email:	nwmsbtl@natwest.com
Arrangement fee:	£200.00
Repayment options:	Capital and interest
Life insurance required:	Yes
Acceptable areas:	National coverage
Notes:	1. Minimum valuation of any property: £2,0000. 2. Minimum lease allowed: 35 years on maturity of mortgage. 3. Maximum of four properties per applicant. 4. DSS, council or student tenants not allowed. 5. Lender uses standard income multiples of 3 times main income, plus one times the rental income less commitments. Also rental income must be 130% of mortgage payment. 6. Minimum joint income required of £20,000. 7. 1.70% discount.

Lender:	Chorley & District
Tel:	01257 419110
Internet:	
Email:	mortgages@chorleybs.co.uk
Arrangement fee:	£195.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	
Notes:	1. These criteria apply to rental properties within Lancashire. 2. Properties outside Lancashire will be considered on an individual basis. 3. Rental income must exceed 120% of mortgage repayments. 4. Full status only. 5. Six month Shorthold Tenancy Agreement is mandatory, maximum term for same is 12 months. 6. Housing Associations or companies cannot be parties to the tenancy agreement. 7. Multiple Tenancy Agreements are not acceptable on one property. 8. DSS, council or student tenants not allowed nor properties divided into bedsits.

60 per cent LTV

Visit: WWW.AJAYAHUJA.CO.UK



Lender:	Market Harborough
Tel:	01858 463244
Internet:	http://www.mhbs.co.uk
Email:	CustomersFirst@mhbs.co.uk
Arrangement fee:	£295.00
Repayment options:	Any
Life insurance required:	Yes
Acceptable areas:	England, Scotland and Wales
Notes:	1. Minimum valuation of any property: £40,000. 2. Minimum lease allowed: 50 years on maturity of mortgage. 3. Lender charges additional £50 booking fee. 4. DSS, council or student tenants not allowed. 5. 1% discount. 6. Maximum of three properties allowed. 7. Capital repayments up to 10% allowed each year without penalty. 8. Six month Assured Shorthold Tenancy Agreements only.

50 per cent LTV

Lender:	Standard Life Bank
Tel:	0845 6090262
Internet:	
Email:	
Arrangement fee:	£350.00
Repayment options:	Any
Life insurance required:	No
Acceptable areas:	England, Scotland, Wales and Northern Ireland
Notes:	1. Minimum age of applicant: 25 years, maximum age: 60 years. 2. Minimum Employment income: £20,000 single or £30,000 joint excluding rental income. 3. Maximum total loans: £500,000 (maximum £400,000 for a single property). 4. Up to 5 rental properties. 5. Overpayments allowed (£1,000 minimum lump sums). 6. Up to 2 payment holidays allowed per year per property. 7. Lender charges interest on a daily basis. 8. Annual rental income must equal at least 10% of the loan



amount. 9. 1% discount.

iii) List Of property web sites

The list of web sites below enables you to search for properties in the area you are interested in. All these sites direct you ultimately to the estate agent that is selling the property. There are also rental sites included in this list so you can keep abreast of the current market rental values of properties you have or are currently interested in.

I personally use rightmove.co.uk, ukpropertyshop.com and home.co.uk to find my properties. These sites seem professionally run and have a large database of properties for sale.

I would suggest you search for properties listed in the hotspots detailed in part ix) of this chapter.

Sales & rental web sites

1. www.rightmove.co.uk
2. www.asserta.co.uk
3. www.08004homes.com
4. www.home.co.uk
5. www.accommodation.com
6. www.national-property-register.co.uk
7. www.themovechannel.com
8. www.accommodation-directory.co.uk
9. www.fish4homes.co.uk
10. www.homesdujour.com
11. www.housedeals.co.uk
12. www.propertyfinder.co.uk
13. www.mondial-property.co.uk
14. www.numberone4property.co.uk
15. www.primelocation.com
16. www.propertyads-online.com
17. www.propertyfile.co.uk
18. www.propertylive.co.uk
19. www.saleourproperty.com
20. www.ukpg.co.uk
21. www.ukpropertyguide.co.uk
22. www.underoneroof.com
23. www.wheretolive.co.uk
24. www.froglet.com
25. www.move.co.uk
26. www.halfapercent.com
27. www.p4L.co.uk
28. www.londonpropertyguide.co.uk
29. www.cdproperty.co.uk
30. www.propertydirect.co.uk
31. www.rentalsandsales.co.uk
32. www.estates-directory.co.uk
33. www.ukhomesguide.co.uk
34. www.accommodatingcompany.co.uk
35. www.home-sale.co.uk
36. www.housesearchuk.co.uk

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37. www.lookproperty.co.uk
38. www.ukhousesales.co.uk
39. www.londonshome.co.uk
40. www.propertymatters.co.uk
41. www.bainprop.co.uk
42. www.haylingproperty.co.uk
43. www.foxtons.co.uk
44. www.shobrook.co.uk
45. www.palmsagency.co.uk
46. www.jtrproperty.co.uk
47. www.coppingjoyce.co.uk
48. www.milburys.co.uk
49. www.davisestates.co.uk
50. www.stonegateestates.co.uk
51. www.forgetestateagents.co.uk
52. www.nicholasirwin.co.uk
53. www.ashtons.co.uk
54. www.claridges-estates.co.uk
55. www.pfivales.co.uk
56. www.bansale.estates.co.uk
57. www.dauntons.co.uk
58. www.stratfordproperty.co.uk

Sales only web sites

1. www.propertyworld.co.uk
2. www.smartestates.com
3. www.stoptolook.co.uk
4. www.uk-property-sale-directory.co.uk
5. www.daltons.co.uk
6. www.homehunter.co.uk
7. www.homepages.co.uk
8. www.homes-uk.co.uk/hfs_home_uke.html
9. www.homeselluk.com
10. www.hotproperty.co.uk
11. www.house-directory.co.uk
12. www.thehousehunter.co.uk/default.asp
13. www.housenet.co.uk
14. www.houseweb.co.uk
15. www.thelondonoffice.co.uk
16. www.newhomesnetwork.co.uk
17. www.properties-direct.com
18. www.reale-state.co.uk
19. www.smartnewhomes.com
20. www.uk-property.com
21. www.ukpropertysales.net
22. www.wvpc.uk.com
23. www.your-move.co.uk
24. www.fairview.co.uk
25. www.assertahome.com
26. www.ukpropertyshop.co.uk
27. www.partake.co.uk
28. www.property-sight.co.uk
29. www.prestigeproperty.co.uk

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30. www.tspc.co.uk
31. www.homesalez.com
32. www.hotproperties2000.co.uk
33. www.your-life.co.uk
34. www.agentfreesales.co.uk
35. www.propertysales.co.uk
36. www.globalmart.co.uk
37. www.propertyfinderwales.co.uk
38. www.paramount-properties.co.uk
39. www.estate-agent-property.co.uk
40. www.webhouses.co.uk
41. www.property-go.co.uk
42. www.capital-residence.co.uk
43. www.michaeltucker.co.uk
44. www.toplondonproperties.co.uk
45. www.carltons-dundee.co.uk
46. www.howards.co.uk
47. www.owner-property-sales.co.uk
48. www.property4uk.co.uk
49. www.smithvalentine.demon.co.uk
50. www.jparissteele.co.uk
51. www.villagategroup.com
52. www.wisemove.co.uk
53. www.dmea.co.uk
54. www.gatehouseestates.co.uk
55. www.andrewpontin.co.uk
56. www.walsall-estates.co.uk
57. www.stewartwatson.co.uk
58. www.newey.co.uk
59. www.hamiltonbrooks.co.uk
60. www.bennettjones.co.uk
61. www.pro-net.co.uk
62. www.lakewood-properties.co.uk
63. www.pickitts.co.uk
64. www.housemarket.co.uk

Rentals only

1. www.homelet.co.uk
2. www.rent.co.uk
3. www.simprent.u-net.com
4. www.citylet.com
5. www.letonthenet.com
6. www.letsrentuk.com
7. www.lettingweb.com
8. www.simplyrent.co.uk
9. www.spacetorent.com
10. www.studenthousehunt.com
11. www.studentpad.co.uk
12. www.palacegate.co.uk
13. www.excel-property.co.uk
14. www.assuredproprentals.co.uk
15. www.cambridge-rentals.co.uk
16. www.propertyrentals.co.uk

Visit: WWW.AJAYAHUJA.CO.UK



17. www.faulknerproperty.co.uk
18. www.flemingpropertyrentals.co.uk
19. www.enaparkinsonpropertyrentals.co.uk
20. www.the-net.co.uk
21. www.mossoak.co.uk
22. www.torent.co.uk
23. www.net-lettings.co.uk
24. www.property-go.co.uk
25. www.sunkissed.co.uk
26. www.letters.co.uk

iv) Mortgage brokers

A local mortgage broker can be found quite easily through the Yellow Pages or www.yell.com. I would suggest you go for a buy-to-let specialist mortgage broker. These can be found from the following web sites – you have to specify buy-to-let specialist when searching:

www.searchIFA.co.uk

Unit 9, Alpha Business, Travellers Close, Hatfield, AL9 7NT
Tel: (01707) 251111

www.ifap.org.uk & www.unbiased.co.uk

IFA Promotion Ltd, 2nd Floor, 117 Farringdon Rd, London, EC1R 3BX
Tel: (0800) 085 3250

www.ifawindow.co.uk

Web based only

v) List of accommodation projects

Accommodation projects can find tenants, guarantee and collect the rent and liaise with the tenants on your behalf. Basically they can act like an agent for you but the great thing is that they provide their service for FREE! The reason they can provide this service for free is because they are non-profit organisations or charities. I would suggest you donate every now and again if you do decide to use an accommodation project.

England		
1	Accommodation Bonds for Cornwall, Stonham Housing with Care, PO Box 113, Redruth, Cornwall TR15 2YP	01209 216166
2	Accommodation Concern, 15/17 London Road, Kettering, Northamptonshire NN16 0EF	01536 416560
3	Accommodation DGS (Cumbria) Ltd., 2 Gladstone Street, Workinton, Cumbria CA14 2YE	01900 873220
4	Alone In London Magnet Project, 188 Kings Cross Road, London WC1X 9DE	0207 278 4224
5	Ashford Borough Council, Civic Centre, Tannery Lane, Ashford, Kent TN23 1PL	01233 330423
6	Banbury Homes Rent Deposit Scheme, 1 Mawle House, George Street, Banbury, Oxfordshire OX16 5BH	01295 265439
7	Barnet Housing Aid Centre Rent Deposit Scheme, 36B Woodhouse Road, North Finchley, London N12 0RG	0208 446 2504
8	Basildon Community Resource Centre, 1 The Gore, Basildon, Essex SS14 2EA	01268 450040/1

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9	Bedfordshire Housing Aid Centre, 68 Tavistock Street, Bedford, Bedfordshire MK40 2RG	01234 328488
10	Birmingham Bond Scheme Ltd, 44 Bradford Street, Birmingham B5 6HX	0121 687 6402
11	Bolton Bond Board, 5 Great Moor Street, Bolton, Lancashire BL1 1NZ	01204 366328
12	Boston Accommodation Bureau, 14-16 High Street, Lincolnshire PE21 8SH	01205 359664
13	Bournemouth Churches Housing Association Rent Deposit Scheme, St. Swithun's House, 21 Christchurch Road, Bournemouth, Dorset BH1 3NS	01202 410500
14	Brent Council Rent Deposit Guarantee Scheme, Private Housing Information Unit, Quality House, 249 Willesden Lane, Willesden, London NW2 5JH	0208 937 2775
15	Brentwood Housing Trust, The Lodge, 28 St. Thomas Road, Brentwood, Essex CM14 4DB	01277 225084
16	Bridge Housing Association, 33-35 James Town Road, Camden, London NW1 7BD	0207 267 0070
17	Bristol Deposit Bond Scheme, The Hub, 13/17 Cumberland Street, Bristol BS2 8NL	0117 922 4829
18	CAN Homeless Action Team, The Maple Centre, PO Box 5164, 37 Ash Street, Northampton NN1 3ZP	01604 250678
19	Cannock Chase Churches Housing Coalition, Housing & Health Advice Centre, 29-31 Park Road, Cannock, Staffordshire WS11 1JN	01543 577572
20	Charnwood Shelter Project, The Annex, Southfield Road, Loughborough, Leicestershire LE11 2TS	01509 260500
21	Chelmsford Borough Council, Housing Advice & Welfare Rights, Civic Centre, Coral Lane, Chelmsford, Essex CM1 1JE	01245 606469
22	Cheltenham Bond Scheme, Cheltenham Housing Aid Centre, 31 Prestbury Road, Cheltenham, Gloucestershire GL52 2PP	01242 226672
23	Chesterfield Borough Council Deposit Guarantee Scheme, Town Hall, Rose Hill, Chesterfield, Derbyshire S40 1LP	01246 345143
24	Christian Action & Resource Enterprise, 257-259 Freeman Street, Grimsby, North East Lincolnshire DN32 9DW	01472 232311
25	Churches Action Together, 191 Park View, Whitley Bay, Northumberland NE26 3 RD	0191 251 4014
26	Churches Housing Action Team, The Old Bakery, 44 West Exe South, Tiverton, Devon EX16 5DH	01884 255606
27	Churches National Housing Coalition, Central Buildings, Oldham Street, 2Manchester M1 1JT	0161 236 9321
28	City Centre Project, YMCA Building, Trinity Road, Off Little Horton Lane, Bradford, West Yorkshire BD5 0JG	01274 736507
29	Colchester Borough Council, Housing Advice, PO Box 887, Town Hall, Colchester, Essex CO1 1ZG	01206 282527
30	Coventry Bond Scheme, Simon House, Bird Street, Coventry, Warwickshire CV1 5FX	024 7622 8099
31	Craven Housing Scheme, 28 Victoria Street, Skipton, North Yorkshire BD23 1JE	01756 701110
32	Croydon Churches Housing Association Ltd, Rent in Advance Scheme, 92 Church Road, Croydon, Surrey CR0	0208 662 8661

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	1SD	
33	Croydon Home Bond, Look Ahead Housing and Care, 282-284 Brigstock Road, Thornton Heath, Surrey CR7 7JE	0208 665 9125
34	Dacorum Borough Council, HAC, 138 Marlowes, Hemel Hempstead, Hertfordshire HP1 1EZ	01442 228915
35	Dacorum Rent Aid, 7a Marlowes, Hemel Hempstead, Hertfordshire HP1 1LA	01442 251213
36	Darlington Bond & Rent Guarantee Scheme, Grange Road Baptist Church, Grange Road, Darlington, Co Durham DL1 5NH	01325 467617
37	Derby Bond Bank Scheme, Housing Options Centre, Derby City Council, Derwent Street, Derby DE1 2ED	01332 716492
38	Detached Youth Work Project, 50 Piccadilly, York, North Yorkshire YO1 9NX	01904 651431
39	Dudley MBC Guaranteed Rent Deposit Scheme (Stourbridge District), 17 St. James Road, Private Sector Housing, Dudley, west Midlands DY1 1JG	01384 815070
40	East Manchester Bond Board, 3-5 West Street, Clayton, Manchester M11 4EF	0161 239 8879
41	Elmbridge Rent Start, 2 Onslow Road, Walton-on-Thames, Surrey KT12 5BB	01932 248729
42	Epsom & Ewell Borough Council, Community Housing Project, Town Hall, The Parade, Epsom, Surrey KT18 5BY	01372 732437
43	Equity Trust Fund, 222 Africa House, 64 Kingsway, London WC2B 6BD	0207 404 6041
44	Face-To-Face, 14 St David's Road South, St Anne's on Sea, Lytham St Anne's, Lancashire FY8 1TB	01253 720270
45	Fareport Fund-A-Home, X=Perience, Trinity Street, Fareham, Hampshire PO16 7SJ	01329 230234
46	Foundation Housing, Waterloo House, 58 Wellington Street, Leeds, West Yorkshire LS1 2EE	0113 242 1511
47	Greater Manchester RDS (Rochdale), Grants & Enforcements Department, 4 th Floor, Municipal Buildings, Smith Street, Rochdale, Lancashire OL16 1LX	01706 866621
48	Greenwich Deposit Guarantee Scheme, London Borough of Greenwich, Housing Aid Centre, 125 Powis Street, London SE18 6NL	0208 921 2857
49	Guaranteed Accommodation Payments Scheme, YMCA, Peartree Lane, Welwyn Garden City, Hertfordshire AL7 3UL	01707 351219
50	Harlow Accommodation Project, 2 Wych Elm, Harlow, Essex CM20 1QP	01279 861186
51	Hastings & Rother Bond Board, 49 Cambridge Gardens, Hastings, East Sussex TN34 1EN	01424 721775
52	Help The Homeless (Chorley), 45 Clifford Street, Stump Lane, Lancashire PR7 1SE	01257 273320
53	Herefordshire Council Deposit Guarantee Scheme, Housing Service Division, Garrick House, Widemarsh Street, Hereford HR4 9EU	01432 261580
54	HMP The Mount, 1 Molyneaux Avenue, Bovington, Hertfordshire HP3 0NZ	01442 834363
55	Homeless in Oswestry Action Group, Centre North West, Oak Street, Oswestry, Shropshire SY11 1LW	01691 650850

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56	Homelink, The Garrett Centre, 45/47 Blythe Street, London E2 6LN	0207 729 7573
57	Honourary Treasurer, Newholm, Swanmore Road, Southampton, Hampshire SO32 2QH	01489 896549
58	Housing Young People in Shrewsbury, Roy Fletcher Centre, 12-17 Cross Hill, Shrewsbury, Shropshire SY1 1JE	01743 341900
59	Huntingdonshire District Council Rent Deposit Scheme, Pathfinder House, St Mary's Street, Huntingdon, Cambridgeshire PE18 6TN	01480 388224
60	Isle of Wight Deposit Guarantee Scheme, Exchange House, St Cross lane, Newport, Isle of Wight PO30 5BZ	01983 524715
61	Key House Project, 20 Low Street, Keighley, West Yorkshire BD21 3PN	01535 600890
62	Kingston Churches Action on Homelessness, The Access Project, 36A Fife Road, Kingston Upon Thames, Surrey KT1 1SU	0208 255 2438
63	Kirklees Bond Bank, 1 st Floor, Standard House, Half Moon Street, Huddersfield, West Yorkshire HD1 2JF	01484 223926
64	Lancashire Housing Aid Centre, 35a-c North Albert Street, Fleetwood, Lancashire FY7 6AJ	01253 874567
65	Leicester City Council, Housing Advice Centre, Alliance House, 6 Bishop Street, Leicester LE1 6AF	0116 254 9922
66	Lewes District Churches Homelink, 208 High Street, School Hill, Lewes, East Sussex BN7 2NS	01273 479541
67	Lifeshare Resettlement Service, 23 New Mount Street, Manchester M4 4DE	0161 953 4069
68	Littlehampton Churches Together Homelink, Room 1, Arcade Chambers, 86 High Street, Littlehampton, West Sussex BN17 5DX	01903 739669
82	London Borough Barnet Private Sector Tenancy Scheme, 1 st Floor, Barnet House, 1255 High Road, London N20 0EJ	0208 359 4863
83	London Borough Sutton Housing Centre, Civic Offices, St Nicholas Way, Sutton, Surrey SM1 1EA	0208 770 5788
84	Malvern Hills District Council, Housing Recreation & Community Services, Highlea, 36 Church Street, Malvern, Worcestershire WR14 2AZ	01684 862181
85	Mendip District Council Rent Guarantee Scheme, YMCA, The Old Glasshouse, South Street, Wells, Somerset BA5 1SL	01749 670761
86	NACRO Resettlement Services, C-Wing HMP Wormwood Scrubs, PO Box 757, Ducane Road, London W12 0AE	0208 743 0311 x725
87	Navigator- Project 2041, Chilton House, The Greenway, Uxbridge, Middlesex UB8 2PJ	01895 235576
88	Newark & Sherwood District Council, Kelham Hall, Kelham, Newark, Nottinghamshire NG23 5QX	01636 650000
89	No 5 Youth Counselling Centre, DIGS 2-4 Sackville Street, Reading, Berkshire RG1 1NT	0118 901 5653
90	Norman House, 15 Aberdeen park, Highbury, London N5 2AN	0207 704 2857
91	North Herts Homeless Development Team, Footings/Deposit Guarantee Scheme, 25 Sun Street, Hitchin, Hertfordshire SG5 1AH	01462 435668
69	North Manchester Bond Scheme, c/o Family Housing	0161 682 0600



	Association, 204-206 Lightbourne Road, Moston, Manchester M40 5EE	
70	North Wilts District Council Rent Deposit Guarantee Scheme, Bewley House, Marshfield Road, Chippenham, Wiltshire SN15 1JN	01249 706307
71	Northampton Borough Council, Housing & Money Advice Centre, Fish Street, Northampton NN1 2AA	01604 238740
72	Nugent Care Society, 150 Brownlow Hill, Liverpool L3 5RF	0151 708 0566
73	Oldham Independent Housing Aid Centre, 5 Ashcroft Court, Peter Street, Oldham, Lancashire OL1 1HP	0161 624 0674
74	Open Door Rent Deposit Guarantee Scheme, Shelter Housing Aid Centre, The Food Centre, 793 Avebury Boulevard, Central Milton Keynes, Bedfordshire MK9 3NW	01908 395252
75	Oxford Citizens Housing Association Deposit Guarantee Scheme, 244 Barns Road, Oxford OK4 3RW	01865 773000
76	Plymouth Access To Housing, The Harwell Centre, 28-42 Harwell Court, Western Approach, Plymouth, Devon PL1 1PY	01752 223823
77	Preston YMCA, Samuel Street, Preston, Lancashire PR1 4YE	01772 794103
78	Reading Borough Council Rent Deposit Scheme, Housing Advice Centre, Civic Centre, Reading, Berkshire RG1 7TD	0118 939 0089
92	Reigate & Redhill YMCA Rent Deposit Scheme, 1st Floor, 3 London Road, Redhill, Surrey RH1 1LY	01737 773089
93	Robond Ltd, The Guardian Centre, Drummond Street, Rotherham, South Yorkshire S65 1HY	01709 828791
94	Runnymede Rentstart, 12-13 The Sainsbury Centre, Chertsey, Surrey KT16 9AG	01932 567621 (01344 842316 temporarily)
95	Ryedale Bond Guarantee Scheme, Ryedale House, Old Malton, Malton, North Yorkshire YO17 0HH	01653 600666
96	Sarsen Housing association, Kennet District Council, Browfort, Bath Road, Devizes, Wiltshire SN10 2AT	01380 724911
97	Sevenoaks District Council Private Letting Scheme, Community Services, PO Box 1182, Argyle Road, Sevenoaks, Kent TN13 1GP	01732 227000
98	Shrewsbury Homes for All, Roy Fletcher Centre, 12-17 Cross Hill, Shrewsbury, Shropshire SY1 1JE	01743 231415
99	SmartMove (Action on Homelessness W Wilts), 12-13 Duke Street, Trowbridge, Wiltshire BA14 8EA	01225 776606
100	SmartMove (Barnsley), English Churches Housing Group, Holden House, 2 Race Street, Barnsley, South Yorkshire S70 1BY	01226 785893
101	SmartMove (Calderdale), 1 st Floor, Bull Green House, Bull Green, Halifax, West Yorkshire HX1 2EB	01422 361515
79	SmartMove (CRISIS), 1 st Floor, Challenger House, 42 Adler House, London E1 1EE	0207 655 8300
80	SmartMove (Exeter Homeless Action Group), 16 Bartholomew Street East, Exeter, Devon EX4 3BG	01392 430228
81	SmartMove (Great Yarmouth), Bauleah House, 51 St Nicholas Road, Great Yarmouth, Norfolk NR30 1NR	01493 331586
102	SmartMove (Grenfell Housing Assoc), Justin Plaza 3, 341 London Road, Mitcham, Surrey CR4 4BG	0208 687 0157
103	SmartMove (Hartlepool), c/o CAB, Bank House, 18 Victoria	01429 277030

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	Road, Hartlepool, Co Durham TS26 8DD	
104	SmartMove (Hull Hostel Forum), Room 9, Hull YPI, 83-93 George Street, Hull HU1 3BN	01482 620360
105	SmartMove (M25), c/o Open House, 4 Union Street, Doncaster, South Yorkshire DN1 3AE	01302 369360
106	SmartMove (NOMAD), 30 Rockingham Lane, Sheffield, South Yorkshire S1 4FW	0114 273 8089
107	SmartMove (North Cornwall), St Petrocs Society, 1 st Floor, 1-2 Victoria Square, Truro, Cornwall TR1 2RS	01872 270236
108	SmartMove (Nottingham), 21 Clarendon Street, Nottingham NG1 5HR	0115 956 5313
109	SmartMove (Southport), Light for Life, 5 Hawkshead Street, Southport, Lancashire PR9 9HF	01704 543137
110	SmartMove (Teesside) Rent Bond Guarantee Scheme, Advice & Info Centre, Bath Lane, Stockton-on-Tees, Cleveland TS18 2EQ	01642 350016
111	SmartMove (Watford YMCA), Charter House, Charter Place, Watford, Hertfordshire WD1 2RT	01923 353628
112	South Gloucestershire Bond Scheme, 23 The Parade, Coniston Road, Patchway, Bristol BS34 5LP	01454 865742
113	South Gloucestershire Council, Conygre House, Conygre Road, Filton, Bristol BS34 7DD	01454 865552
114	South Holland Housing Aid, c/o 17 Church Lane, Crowland, Peterborough, Lincolnshire PE6 0ER	01733 210932
115	South Ribble Rent Guarantee Scheme, Civic Centre, West Paddock, Leyland, Preston, Lancashire PR5 1DH	01772 625374
116	South Shropshire Young Persons Housing Project, Marston Mill, Port Cullis Lane, Ludlow, Shropshire SY8 1PZ	01584 877335
117	South Somerset Accommodation Scheme, Morley House, West Hendford, Yeovil, Somerset BA20 1XE	01935 410637
118	Southampton City Council Deposit Guarantee Scheme, Housing Advice Centre, Southbrook Rise, 4-8 Millbrook Road East, Southampton, Hampshire SO15 1YG	0238 083 2977
119	Southwark Rent Deposit Guarantee Scheme, 12b Yukon Road, Balham, London SW12 9PU	0207 207 2080
120	Spelthorne Rentstart Ltd, Community Link Centre, Knowle Green, Staines, Middlesex TW18 1XB	01784 446422
121	St Helen's Metropolitan Borough Council, Housing Advice Centre, Ground Floor, Wesley House, Corporation Street, St Helen's, Merseyside WA10 1HE	01744 456209
122	Stamford Housing For Young People, 40 St Leonard Street, Stamford, Lincolnshire PE9 2HN	01780 754827
123	Stroud District Council, Directorate of Housing & Environmental Services, Westward Road, Ebley, Stroud, Gloucestershire GL5 4UB	01453 754482
124	Tameside Rent Deposit Scheme, Ashton Renewal Project, 157 Old Street, Ashton-under-Lyne, Greater Manchester OL6 7SQ	0161 343 7230
125	Tandridge Rent Deposit Scheme, The Star Centre, Oxted Library, Oxted, Surrey RH8 0BQ	01883 715785
126	THATCH Help, 10 Nicola Close, Harrow Weald, Harrow, Middlesex HA3 5HP	0208 864 0004

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127	The Bridge, 50 Duck Street, Rushden, Northamptonshire NN10 9SD	01933 419399
128	The Clockwise Centre, 85/87 Pier Road, Clacton-on-Sea, Essex CO15 1QE	01255 423466
129	Three Rivers District Council, Housing Needs & Resources, Three Rivers House, Northway, Rickmansworth, Hertfordshire WD3 1RL	01923 776611
130	Threshold Centre Ltd, 4 th Floor, Bedford House, 215 Balham High Road, London SW17 7BQ	0208 682 0898
131	Thurrock Deposit Guarantee Scheme, c/o Open Door, 24-28 Orsett Road, Grays, Essex RM17 5EB	01375 382697
132	Trafford Rent Guarantee Scheme, 25 Heyes Lane, Timperley, Altrincham, Cheshire, WA15 6EF	0161 973 2855
133	Two Saints Ltd (Society of St Dismas), 30 Cranbury Avenue, Southampton, Hampshire SO14 0LT	01703 390930
134	Two Step, 163-165 Tooting High Street, Tooting, London SW17 0SY	0208 672 0100
135	Vale of White Horse District Council, Revenues & Benefits Department, PO Box 125, The Abbey House, Abingdon, Oxfordshire OX1 4JE	01235 520202
136	Voluntary Hostels Group, Wensum House, 10a Wensum Street, Norwich, Norfolk NR3 1HR	01603 617299
137	Wakefield Rent Deposit Scheme, 4 The Springs, Wakefield, West Yorkshire WF1 1PU	01924 302100
138	Walsall Rent Guarantee Scheme, PO Box 1427, Walsall, West Midlands WS3 3GZ	01922 475083
139	Waltham Forest H.A.T.R.G.S., c/o 433-443 High Road, Leytonstone, London E11 4JU	0208 539 8845
140	Warrington Borough Council Rent Deposit Scheme, Housing Services Department, 86 Sankey Street, Warrington, Cheshire WA1 1RH	01925 442446
141	Waveney District Council Rent Deposit Guarantee Scheme, Housing Department, 80 Clapham Road, Lowestoft, Suffolk NR32 1RB	01502 523141
142	West Wiltshire Accommodation Project, c/o West Wiltshire Housing Society, Bryer Ash Business park, Bradford Road, Trowbridge, Wiltshire BA14 8RT	01225 715778
143	Winchester Rent Guarantee Scheme, 16 Colebrook Street, Winchester, Hampshire SO23 9LH	01962 862681
144	Wintercomfort Rent Deposit Scheme, Overstream House, Victoria Avenue, Cambridge CB4 1EG	01223 518146
145	Woking Association for the Single Homeless, Woking Churches Rent Guarantee Scheme, Pound House, 35-47 Board School Road, Woking, Surrey GU21 5HD	01483 772265
146	Woodspring Deposit Guarantee Board, Room 9, YMCA, 2 Bristol Road Lower, Weston Super Mare, Somerset BS23 2PN	01934 617617
147	Worcester Welfare Rights Centre, Angel Centre, Angel Place, Worcester WR1 3QN	01905 612774
148	Wycombe Rent Deposit Guarantee Scheme, 52 Frogmore, High Wycombe, Buckinghamshire HP13 5DG	01494 528557
149	Young Homeless Project Rent Deposit Guarantee Scheme, 38 High Street, Leamington Spa, Warwickshire	01926 883179



	CV31 1LW	
REPUBLIC OF IRELAND		
150	Simon Freshstart, Dublin Simon Community, PO Box 581, Dublin 1, Republic of Ireland	00 353 1 6602836
Northern Ireland		
151	Cookstown and Western Shores Area Network, Rural Supported Housing Programme, The Crieve Centre, Hillhead, Stewartstown, Co. Tyrone BT71 5HY	0288 773 8845
152	Council for the Homeless Northern Ireland, 153 University Street, Belfast BT7 1HR	01232 246440
153	Foyle Homeless Action and Advice Service, SmartMove Rent Deposit Scheme, 8 London Street, Derry City, Co. Londonderry BT48 6RQ	0287 136 3256
Scotland		
154	CATH Keyfund, 10 York Place, Perth PH2 8EP	01738 580188
155	Clackmannanshire CAB Rough Sleepers Rent Deposit Scheme, 47 Drysdale Street, Alloa, Clackmannanshire FK10 1JA	01259 219404
156	Dumbarton CAB, 6-14 Bridge Street, Dunbarton G82 1NT	01389 734383
157	East Dumbartonshire Council, Housing & Community Development, Tom Johnston House, Civic Way, Kirkintilloch G66 7TJ	0141 578 8256
158	Falkirk Homeless Project, c/o CAB, Old Sheriff Court, Hope Street, Falkirk FK1 5AT	01324 628406
159	Fife Keyfund, St Brycedale Church, St Brycedale Avenue, Kirkcaldy, Fife KY1 1ET	01592 646677
160	Glasgow Rent Deposit Scheme, Hillhead Baptist Church, Cresswell Street, Glasgow G12 8RU	0141 400 0808
161	Jubilee Key Scheme, Suite 6, Beech House, 20 Hope Street, Hamilton, South Lanarkshire ML3 6AF	01698 891551
162	Matthews Smartmove Project, Edinburgh Cyrenians, Norton Park, 57 Albion Road, Edinburgh EH7 5QY	0131 475 2356
163	McKay SmartMove Project, Dundee Cyrenians, 1 Soapwork Lane, Jessie Devlin Close, Dundee DD1 1HX	01382 228733
164	Scottish Churches Housing Agency, 28 Albany Street, Edinburgh EH1 3QH	0131 477 4500
165	SEASCAPE, Auld Kirk Halls, Blackfriars Walk, Ayr KA7 1TT	01292 285424
166	Shetland Rent Deposit Scheme, Shetland Islands Council, Housing Services, Fort Road, Lerwick, Shetland ZE1 0LR	01595 744380
167	SmartMove (East Lothian), Tolbooth Gate, 57 Market Street, Haddington, East Lothian EH41 3JG	01620 829300
168	Stirling Rent Deposit Guarantee Scheme, Patrons of Cowanes Hospital, 49 St John Street, Stirling FK8 1ED	01786 472247
Wales		
169	Agorfa Bangor Bond Street, The Green house, 1 Trevelyan Terrace, Bangor, Gwynedd LL57 1AX	01248 355058
170	Barnardo's Cymru, Compass for Young People, Victoria Centre, 13 Hill Street, Wrexham LL11 1SN	01978 315 137
171	Bridgend Bond Board, Barnardos Open Door Project, 2 nd Floor, Assembly Buildings, 16-18 Derwen Road, Bridgend CF31 1LH	01656 654 060
172	Cardiff Bond Board, 109 St Mary Street, Cardiff CF11D	01222 871442



173	Carmarthenshire Bond Scheme, Tai Trothwy, 11-12 King Street, Carmarthen, Carmarthenshire SA31 1BH	01267 220257
174	Ceredigion Care Society, Agoriad Housing Bond Scheme, 15 North Parade, Aberystwyth, Ceredigion SY23 2JH	01970 639111
175	Denbighshire Bond Board, c/o Community Agency, Station House, Bodfor Street, Rhyl, Denbighshire LL18 1AT	01745 343342
176	Dewis, 47 Station Road, Port Talbot SA13 1NW	01639 882 536
177	Ebbw Fach Development Trust, Nantyglo, Brynmawr, Gwent NP3 4JT	01495 315055
178	Llamau Housing Society, JIGSO, 240 Holton Road, Barry, Glamorgan CF63 4HS	01446 748852
179	Merthyr Bond Board, 56 High Street, Pontmorlais, Merthyr Tydfil, Mid Glamorgan CF47 8UN	01685 379502
180	Pembrokeshire Action for Single Homeless, 20 Upper Market Street, Haverfordwest, Pembrokeshire SA61 1QA	01437 765335
181	Rhondda Cynon Taff Bond Board, Housing Advice Centre, 35a Taff Street, Pontypridd, South Wales CF37 4YY	01443 485515
182	Right Move, Monmouthshire County Council, Housing Dept., County hall, Cwmbran, Torfaen NP44 2XH	01633 644472
183	SmartMove (Newport), Rehousing Services Office, The Bus Station, Kingsway, Newport, Gwent NP20 1EY	01633 232594
184	Swansea Bond Board, 32-36 High Street, Swansea SA1 1LF	01792 301363

vi) List of hotspots

A hotspot is an area where you can purchase a property and achieve a return greater than 12 per cent on your investment.

vii) List Of freefone/lo-call providers

Freephone providers can route your 0800 number to your landline at a cost to you from as little as 3p a minute. You can also route your 0800 number to your mobile for more. Lo-call 0845 numbers are available from the following providers, which means that the caller only pays the cost of a local call. The cost to you starts from nothing! The reason they can call you for the cost of a local call and it costs you nothing is because they want your volume of calls. There are even some numbers that you get paid per minute (0871 numbers) but only cost the caller a standard national call. Check out some of these providers:

Name	Web site	Tel
Dolphin	www.freephoneservices.co.uk	0800 195 8388
Future Numbers	www.Future-numbers.co.uk	08000 388873
Global Telecom	www.Globaltelecomuk.com	08000 277772
21 st Century	www.21st-centurytelecom.com	0870 777 2121
Planet	www.Planet-numbers.co.uk	0845 130 8000
TTC Marketing	www.blacknet.co.uk	0800 742912
Crosby Communications	www.crosbycomms.co.uk	08000 386000
Efax	www.efax.co.uk	0845 458 2845
Telecom Plus	www.0800-freephone-numbers.co.uk	08000 740782
Phone number shop	www.thephonenumbershop.co.uk	08000 192130
Dataweb Technologies	www.telnos.co.uk	0845 1303955



viii) List of credit checking agencies

Here is a list of credit checking agencies. Some offer guarantees on the rent if the tenant defaults.

Name	Web site	Tel	Cost
Money penny	www.money penny.co.uk	020 7730 0883	£17.50
Homelet	www.homeletuk.com	020 8768 1616	£17.62 – Basic £47.00 – including employer’s reference and landlord’s reference £70.50 – available if prospective tenant is a full time employee. If tenant defaults they guarantee the rent for 6 months up to £1,500pcm rent. From £94.00 – if prospective tenant is part time or self-employed. If tenant defaults they guarantee the rent for 6 months and there is no maximum on the monthly rental.
Paragon	www.paragon-plus.co.uk	08000 925901	£15.00 – basic £29.00 – including employer’s reference and landlord’s reference £49.00 – available if prospective tenant is a full time employee. If tenant defaults they guarantee the rent for 6 months up to £1,500pcm rent.
Letsure	www.letsure.co.uk	01628 581500	Varies
Easylet	www.easylet.org.uk	0870 749 4120	£25 per prospective tenant. An extra £52.50 to guarantee the rent and legal expenses once the tenant has passed.



You can see the checks can be expensive. If you put forward four prospective tenants under a guarantee scheme check you could be spending nearly £300 – and this still doesn't mean that you would have found a tenant as all the tenants could have failed the credit check!

ix) Guaranteed rent and maintenance contracts

Guaranteed rent can be obtained by one of three ways:

1. Via an insurance contract. This is where you pay a percentage of the rent to the insurer, typically 3 per cent, or a fixed fee to the insurer to cover you against the tenant defaulting. The tenant has to be credit checked initially for a nominal fee but from then on the rent is guaranteed. All the companies listed in the credit checking agencies above provide this service.
2. Obtaining a credit check for a one off fee, starting from £49, and then the rent is guaranteed if the tenant defaults. All the companies listed in the credit checking agencies above provide this service.
3. Getting a letting agent or institution to pay the rent direct. An agent called Northwood Lettings, www.nthwood.co.uk and Your Move, www.your-move.co.uk provide this. These are a growing chain of national estate agents who pay the rent direct to your bank account even if the property is vacant. University institutions sometimes pay guaranteed rent as they can then sublet on your property to the students. It is worth contacting the university in the area that you are thinking of buying. Councils are also paying guaranteed rent for asylum seekers or under the 'Empty House Scheme'. This is where the councils will even refurbish the property at no expense to yourself through a government grant (maximum £12,000) in order to make your property tenable. Schemes that I have found are www.carrick.gov.uk, 01872 224399, www.wealden.gov.uk, 01323 443378, www.hastings.gov.uk, 08000 858967 and www.pavillion.co.uk, 01273 608311. I am sure there are many others.

I have only found one maintenance insurer and that is Homelet (see contact details [on page.....](#)). They cover the cost of a contractor's call out, labour charge, parts and materials up to the cost of £500 including VAT. They use their own contractors so if there is an emergency you simply call Homelet. They ensure that a contractor will arrive within four hours. The cost for this insurance is £7 per month. This policy does not cover you for call outs due to lack of routine maintenance.

x) Letting agents

I would suggest that you only use an Association of Residential Letting Agents (ARLA) accredited member to collect your rent. Since the agent will be handling *your* money you need to be covered against fraud i.e. the agent running off with your money! If the agent commits any fraudulent acts your money is fully guaranteed by ARLA. You do not even have to prove the fraud to get your money from ARLA.

Your local ARLA member can be found from www.arla.co.uk or by calling 0845 345 5752.

xi) Management software providers

I only really recommend one software provider, EZPZ Landlord. This is because there are few providers of this type of software and this one is the only one that is any good. The great thing about this program is that it is **FREE!** A fully working program for management of three properties is downloadable from their web site for free. If you wish to manage more than three then it will cost you £199.00. The product details are as follows:



EZPZ Landlord – product details

EZPZ Landlord is a computer bookkeeping system designed specifically to help landlords manage their properties. **EZPZ Landlord** has all the standard accounting features you would expect from a computerised bookkeeping system:

- Sales ledger
- Purchase ledger
- Nominal ledger
- Bank reconciliation
- VAT analysis
- Automated entries
- Prepayments and accruals

with additional features including the calculation of rents and automated credit control for tenants. The system enables you to keep details of individual properties and tenants, and the links between them.

Properties

The property records form the main records of the system. Each property will have rent and tenancy records created for it. For example, a tenancy record will hold details of the type of tenancy, its duration and the tenant. Each rent and tenancy record covers a period of time so the system maintains a history of previous rent rates that have been in force, and the tenants that have occupied the property.

Rents may be based on any charging period such as weekly, calendar-monthly, quarterly, or you can define any non-standard period, and may be charged in advance or arrears.

Tenancies may be created for a property for any period and users may define their own tenancy types if unusual periods are involved. The Expiring Tenancies report shows properties for which the tenancy is due to expire.

Accommodation details may be recorded for each property and you can even store a picture within the property record. An inventory and schedule of condition may be created for each property. These may be used in periodic inspections of a property to assess possible damage by tenants.

Tenants

Each tenant's ledger shows what the tenant owes at any time. The automated credit control feature suggests what action to take based on how long rent charges have been overdue. Statements, reminders and final reminders can all be customised to your own requirements.

Tenancy agreements

Tenancy agreements may be printed for any tenancy with a few clicks of the mouse button. Agreements are created from a database of standard paragraphs that can be added, removed, or customised, as you desire.

Reports



The system has a wealth of reports to offer, as you would expect from any bookkeeping system. You can prepare a monthly profit and loss account, balance sheet and even carry out VAT analysis if you are VAT registered.

Limitations of use

The demonstration version of the software limits the creation of properties to three. The registered version does not have this limitation. The number of records that may be created, using the registered version, is limited only by the amount of storage space you have.

System requirements

EZPZ Landlord was written using Microsoft Visual FoxPro V6.0 and is designed to run on any stand alone PC and on any version of Windows including Windows 2000 Professional. To run EZPZ Landlord you will need a minimum of:

- An IBM-compatible computer with a 486 66MHz processor (or higher)
- A mouse
- 16 MB RAM
- 10 MB free space on your hard drive

Support

Free help and support is available by telephone (office hours) and email, for the lifetime of the product.

Ordering

The demonstration version is downloadable free of charge from the web site www.ezpzsoftware.co.uk. The demonstration version is also available on CD at a price of £5.00 to cover production and postage and packaging costs. This cost will be deducted from the cost of the registered version should you wish to upgrade. Payment may be made online by credit or debit card, or by telephone on 01709 871056.

xii) Local newspapers

If you do not know the local newspaper in the area where you have just invested, there is a very good site that tells you all the local newspapers in that area. www.newspapersoc.org.uk, The Newspapers Society, 020 7636 7014, will have details such as circulation figures, demographics and telephone numbers for you to place your advert.