



Case Study – Keith and Rosemary Rossin

Our clients, Keith and Rosemary from Nottingham have been investing in Buy to Let properties for some years now and have come to Four Corners to have their mortgage arranged by one of our Advisers for the last 6 property purchases. As self-employed interior designers, they were clear from the beginning that the property they chose would be in a desirable location and was going to be upgraded to a very high specification.

A mortgage provider will generally calculate the loan by assessing the rental income rather than earned income as is the usual method for residential mortgages - although some providers will take earned income into consideration.

The funds are lent on the basis of the rental income covering the monthly mortgage payments, with the minimum deposit required being typically 15% of the purchase price

Many landlords will opt for an interest only mortgage with a view to repaying the mortgage from equity when the property is sold, this obviously is only an option if sufficient equity exists and can cause issues in times when property values have fallen. However as a property increases in value, many professional landlords will take equity from one property to use as a deposit to purchase another property in order to build up their portfolio.

Buy to let investors also have the option of arranging their mortgage on a Capital Repayment basis, thereby reducing the amount outstanding and ensuring full ownership at the end of the term.

Historically, the interest rates for Buy to Let mortgages have been higher than residential mortgages and there are a number of choices to be made as to which type of mortgage to opt for – fixed rate, discounted or a tracker mortgage; with or without a tie in period. During the time that Keith and Rosemary have been building up their property portfolio they have - on a number of occasions – chosen an interest rate with no tie in as this gave them the flexibility to repay the mortgage without incurring penalties, giving them the option to sell a property within the term of the initial rate.

Keith & Rosemary commented “We are both happy with your services and we intend to continue to call upon Four Corners Advisers in the future when we intend to purchase other properties.”