



## Jelf **Top 10 Tips...**


**First-time Landlords:**  
How to make that first  
step onto the ladder

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Some people grow up with a **burning desire** to have their own property empire. Others let their own homes, as a result of change of circumstance or financial situation.



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**Whatever your reason for becoming a landlord, it isn't as simple as just giving a house a lick of paint and posting an advert online.**

To ensure both your property and tenants are as safe and secure as possible, there are a variety of things you need to do. If you're a complete newbie entering the industry, the volume of hoops you need to jump through can be a bit daunting.

Over the coming months, we will be producing a series of guides to make it a little easier for you to get to grips with a variety of different careers. To kick things off, we look at ten of the most important things you need to consider when venturing into the world of buy-to-let.



## Choosing the right property

Selecting the perfect property for a buy-to-let isn't as simple as just choosing a house you personally like - there are many other factors to consider too.

Initially, the **location** needs to be deliberated. First and foremost, will your chosen location be attractive to renters? Ideally you want a property to be close to a number of good-quality amenities such as shops and healthcare providers. Also, if you are intending to target a specific group such as students or families, is it close enough to universities or schools for them to think it viable? If you are torn between a couple of choices, we recommend that you compare all of the costs related to each property in each area side-by-

side - everything from the mortgage and energy performance certificates to household bills.

You also need to make sure that the property itself is suitable for your intended audience. A large house that could be easily adapted for multiple-occupancy will be ideal for students, whereas a cosy two or three-bedroom home would suit a young family much better.

While buying somewhere that is in need of a bit of work will bring the asking price down, you also need to bear in mind the expense of renovation, both in terms of time and money. Weigh up what is best for your situation with these two factors in mind.



## Buy-to-let mortgages

Whether you are buying a new property or letting out your current one, you will need a buy-to-let mortgage. Such mortgages are incredibly popular at the moment, which in turn has persuaded more and more people to consider becoming landlords. As a result of the rise in demand, you now need to do more to make sure you receive your loan.

The first factor in determining whether your application is viable or not lies with the **property** itself. Lenders are very focused on "risk" - they need to be reasonably reassured that your chosen property is a safe bet. Many lenders expect you to be able to make at least 125 per cent of your mortgage payments through rental income.

As with buying any property, you also need a hefty **deposit** for a buy-to-let mortgage. Again, the level

required depends on your financial situation; 25 per cent being the usual minimum amount, as buy-to-lets are seen as being more risky than other mortgages.

Before you go head first into finding the right property, it is worth checking your **mortgage eligibility** too. In general, they are only given to those over 25 years old, earning at least £25,000 a year and with a good credit rating.

It is also worth remembering that most buy-to-let mortgages are **interest only**, meaning that you only pay the interest on the loan each month. You pay the capital sum when you sell the property meaning that, should house prices shift downwards dramatically, you may have a large shortfall to make up.



## Tailoring the décor for your intended tenant

You also need to consider the **décor** of your property. When decorating a buy-to-let property, the golden rule to remember is that you aren't going to be living in it yourself. It's therefore worth putting personal taste and preference to one side and making your home as appealing to the broadest selection of tastes as possible.

As we've mentioned briefly above, if you are redecorating, do so with your target market in mind. If this is students, go for laminate flooring over carpets, leather sofas and plain décor. Spillages and breakages will likely take their toll on your fittings over the course of a tenancy, and such surfaces are

much easier to wipe clean than upholstered suites and good-quality carpets.

When buying furniture and other fittings for your buy-to-let, always keep in mind that whoever moves in will want to make the space their own. So while a good kitchen and bathroom are worth investing in to attract prospective tenants, framed pictures and other smaller items aren't as important.

Get the balance right between giving the space a homely feel and allowing viewers to let their imaginations run wild; you'll be onto a winner in no time.

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## Selecting your estate agent carefully – if at all

Before we go into how to choose the right estate agent, you need to decide whether you want to use one at all. The advantages of letting a property yourself are obvious; for example, you won't pay monthly admin fees, and you'll keep complete control over the handling of your property. You'll also be able to respond to tenants directly and deal with any issues in a timely fashion, as the estate agent isn't another step in the line of communication.

The negatives, however, are as obvious as the positives. As you are new to the business, you may not be completely clued up on all the dos and don'ts, so when you're starting out, paying for the privilege of having an expert on hand may be a good idea. An agent will also handle the viewings and help find suitable tenants for you, meaning you can let out your property and maintain another full-time job too.

If you do decide that an agent is for you, there are of course a few more things you need to consider. Firstly, look for the **SAFE kitemark**. This means that if your chosen agent happens to go out of business, your money is safe and you won't lose anything.

Ideally, you want an agent to be a **member of a professional body** too. This could be the National Landlords Association, Residential Landlords Association, the Association of Residential Lettings Agents, the National Approved Lettings Scheme or the Property Ombudsman. This will mean that your agent has to work to a set practice and code of conduct, and you will have access to an independent complaints procedure.

A **written agreement with your agent** is also recommended. This agreement will help to reduce the chance of there being any grey areas around who is responsible for what.

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## Choosing the right insurance

While some of the above pointers are just hints to make the most out of your rental property, **buildings insurance is a must** – and we aren't just saying that because we provide it! Buildings insurance makes sure that your property is covered against all the biggest risks - fire, burst pipes and storm damage to mention a few.

If you are providing tenants with a furnished property, you may want **landlord's contents insurance** too. **Rental income insurance** will

also make sure that you don't lose any money should your property become inhabitable because of an event beyond your control.

Be aware though that in general, your landlord's insurance will not cover things like tenancy disputes and evictions, or property that is not well-maintained or kept in a good state of repair.

Before you sign up for insurance, **triple-check** that you are completely sure what your policy does and doesn't cover you against.

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## Properly vet prospective tenants

Even with the best planning and procedures in place, the smooth running of your first buy-to-let is almost completely dependent on your tenants. Therefore if you do choose to have an agent involved, make it clear that you wish to vet the prospective tenants yourself too before anything is signed, so that you can be more confident that everything will go smoothly.

The first port of call with this is the references. When first speaking to a potential tenant, it's important to ask them to **provide you with a range of references** from employers and even past

landlords or letting agents to give you a better idea of what you're getting yourself into. Once you have the contact information, give them a call and try and find out a little about the qualities that are important to you.

It is also best to **thoroughly check all guarantors** given - if needed - to see if they have provided correct names, addresses and previous addresses. Additionally, some landlords ask for **bank statements** from prospective tenants so they know the individual is in a position to pay rent. Although this is not necessary in most cases, if the individual is self-employed, it may be handy information to have.



## Protect your tenant's deposit securely

This is a legal necessity. Whereas in the past a landlord could deduct from a tenant's deposit at will, regulations have been enforced in recent years to offer renters more protection.

If you have opted to go with an estate agent, they will help protect a tenant's deposit for you with a chosen scheme. If not, it is a relatively straightforward process, and the [GOV.uk](#) website has plenty of information on tenancy deposit protection to make it even clearer for you.

There is no reason not to **protect a deposit**, you simply choose a government-approved scheme and inform the tenant of your choice within 30 days. Before you do it, make sure that a wholly-accurate inventory (include photos and even video) is signed by both yourself and the tenant, to ease any disputes that may arise at the end of the tenancy. Websites such as the [Property Investment Project](#) provide you with a blank inventory form to fill in to make the process even easier.



## Providing correct certifications

Legally, if you have any **gas appliances** in your buy-to-let property, they need to have a safety check every year to make sure they are in good, safe working order. The test needs to be conducted by a Gas Safe-registered engineer, and your tenant needs to receive a copy of the certificate within 28 days of the annual check taking place.

When a new tenant moves in, you are also obliged to provide an **Energy Performance Certificate (EPC)** too. This gives the tenant information about your property's energy use and typical energy costs, as well as recommendations about how they can effectively reduce energy use and save money too.



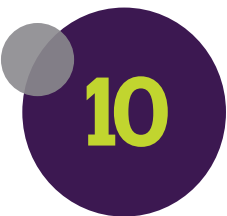
## Checking all appliances and utilities

As well as checking that your property's gas appliances and energy performance are up to scratch, you need to keep tabs on electrical appliances too.

**The Electrical Safety Council** makes a distinction between the electrical safety of **fixed installations** such as wiring circuits and sockets on the one hand, and **appliances** that are either plugged in or portable on the other - for example, refrigerators, kettles and toasters. During a tenancy, it is a landlord's responsibility to make sure that all electrical installations and appliances are safe at the beginning of the tenancy, and are in proper working order throughout the length of the tenancy.

It is recommended that you carry out regular visual safety checks of electrical installations to confirm they are safe. This will help you spot broken items such as light switches or sockets. For thorough checks of installations, the **Institute of Electrical Engineers** recommends ten years as the maximum time between checks. In fact, the Electrical Safety Council says a thorough inspection should happen at least every five years, or during a change of tenancy.

[The Residential Landlords Association](#) provides some great in-depth advice on the subject of electricity supply and appliances should you need it, especially if you are letting a house of multiple occupancy.



## Maintaining good communication

While most of the other tips we have given you help you avoid getting in trouble for not addressing them, our final point for this guide is more a suggestion, albeit one that can really make a difference in the day-to-day running of your property: **communication**.

Whether you have decided to get the help of an agent or not, you need to make sure that you communicate effectively with everyone involved in the process. You have undoubtedly heard many

horror stories about landlord-tenant relationships, and the majority could well have been easily avoided with simple communication.

Although many people struggle with discussing issues effectively, it really isn't difficult to achieve if you get into good habits early on. Communicate any problems you have early and directly, and encourage your tenant to do the same with you. Transparency goes a long way to **building trust**, which will only improve your relationship with your tenant!