

How to Ensure Your Off-Plan Buy-to-Let Property is Mortgage Friendly

When buying an off-plan buy-to-let property, doing your homework can really go a long way when it comes time to complete.

MANCHESTER, GREATER MANCHESTER, UK, April 27, 2021 /EINPresswire.com/ -- Buying off-plan can seem both tempting and scary. While many off-plan brochures can seem incredibly attractive, offering high rental yields for [buy-to-let](#) investors, it's important to do your homework and make sure that your off-plan buy-to-let property is 'mortgage friendly' to save you time, money and stress when you come to complete.

What is buying 'off-plan'?

Buying off-plan is where you buy a property before it has been built. Whilst it carries risks, this is typically a good option if you're buying in an area where property prices are rising and there is a need for more homes.

'There are advantages to buying off-plan' says Stuart Marshall of Liquid [Expat](#) Mortgages. 'For instance, if you're buying in a desirable area, you can often find that your property has already appreciated in value by the time it's completed compared to when you bought it. Many off-plan properties are also on special deals which afford buyers the opportunity to get better plots which they might not be able to secure in a normal buy-to-let market.'

Off-plan buy-to-let properties sometimes also allow the buyer to choose their fixtures and fittings, allowing you to better tailor your property to your 'ideal renter'.

Do Your Homework!

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you do your homework' continues Stuart Marshall. 'It's very tempting – and incredibly easy – to sign the reservation form on an off-plan buy-to-let property and think that there's nothing else to worry about until completion in a few years. However, the more due diligence you're able to do before reserving, the better! By doing your homework beforehand, you can ensure that you're giving yourself the maximum mortgage eligibility and saving yourself a great deal of time, money, and stress when you come to complete. By assuring the mortgage eligibility of your property, you also do the same for future buyers, thereby ensuring the biggest pool of potential buyers when you come to sell'.



Whilst buying off-plan carries risks, this is typically a good option if you're buying in an area where property prices are rising and there is a need for more homes.

But how do you make sure that your off-plan buy-to-let property is as 'mortgage friendly' as possible? Well, there are a number of things you can do even before you decide to take the plunge on an off-plan buy-to-let property. First and foremost, you need to think about the following things:

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Stuart Marshall

-What's the developer's reputation like and what are customer satisfaction levels like?

-Is there a possibility that I can get a deal from the developer? For example, some developers will offer fixtures and fittings or cover the stamp duty on the property.

-Make sure that the developer has insurance to safeguard

against their failure to complete the development. This might involve a property solicitor.

'One of the biggest concerns for investors when it comes to off-plan developments is the expiration of mortgage offers' says Stuart Marshall. 'Usually, mortgage offers will expire after six months. When buying off-plan, you might reserve a property a year or more before it's available so you could be left high and dry if you have paid a reservation fee but are unable to get a mortgage. Thankfully, there are now some lenders offering longer periods on their deals. But, it's important to speak to a specialist broker about your circumstances so that they can advise you appropriately and make sure you're not left out in the cold.'

After you've done your initial homework, you need to take the important step of obtaining a 'decision in principle' to check how much a lender will lend you. With this process, it's important that you check the following:

- Will the lender lend on new build sites? Sometimes lenders will not lend on new build flats.

- You need to make sure that you are not beyond the limit of your lender's exposure since lenders will have a maximum percentage of properties that they are willing to lend against on a given development.

- The lender's surveyor will conduct checks of the plans, building materials and the method of construction. If there are any problems here, the lender will probably not offer you a mortgage. Cladding issues are a particular area of concern at the moment. However, an [expert broker](#) will be able to help you through the process and make sure that there are minimal issues with your property by the time your lender's surveyor inspects it.

- Since you are buying an investment property, you will also be subject to checks on the achievable rent of the property. These checks will be conducted by the lender's surveyor and you will have to supply your projection of the rent, supported by the written opinion of an agent. If the surveyor disagrees with your projection, you could be offered a smaller loan and will therefore need to put in a larger amount from your funds. This is a very important consideration because you need to know that you can afford the extra if required.



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So, while purchasing an off-plan buy-to-let property can seem like a simple process, there is a lot to dig into once you scratch the surface. As always, using an expert broker will make sure that the process will be as smooth and efficient as possible, helping you to discuss your options fully and iron out any issues early in the process.

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