



A complete guide to the conveyancing process of buy to let properties



'Buy to let' is a commonly used term to describe when you buy a property with the sole intention of renting it out.

The whole process of acquiring a 'Buy to let' property is different to, for example, that used when buying a residential property to live in. The purchase is dealt with as part of a [conveyancing process](#) – the legal process which will transfer the legal title of the property to you.

Step 1: Do your research

Becoming a landlord is exciting but providing a home for others is a responsible role so, as you would expect, there are rules and regulations about:

- keeping the property in a decent (habitable) state of repair
- annual safety checks
- how you hold any deposit your tenants pay to you
- recovering rent or evicting tenants if something goes wrong

Although you will also need professional help, if this is your first buy to let property it is essential that you do some initial research to understand your role and obligations as a landlord. Even if you already own your own home the buy to let process is not quite the same and there may be extra charges you have not considered when buying. For example, you have to pay an increased rate of [Stamp Duty](#) (see Step 7).

If you need a mortgage, then you should obtain an agreement in principle from your chosen mortgage company at an early stage. This will prove your eligibility for this type of mortgage and clarify how much you can borrow and what other money (deposit) you need to have available.

It is important that you let the mortgage provider know you are buying to let because this is a special type of mortgage with different rules and interest rates applying. You should not apply for a routine residential mortgage and then rent out the property unless you get the mortgage provider's written permission to use it for commercial rental purposes. In most cases this would be a breach of the terms of any residential mortgage and mean that the mortgage provider could start the repossession process.

Professional advice

It is also a good time to appoint:

- a legal representative, a conveyancing solicitor or licensed conveyancer who will help you with the sale. The conveyancing process of a buy to let property is more complex than buying your own home and you need an experienced professional to guide you through the process and protect your investment
- an accountant to help with investment advice who understands property rental so you know what tax you may have to pay or any conditions you need to meet if you are buying property for a particular reason, such as part of your pension. You will usually have to pay tax on any income earned from renting and pay Capital Gains Tax as and when you sell the property

Step 2: Find the right property

Since this property:

- is not your home and
- needs to generate revenue

You need a different approach when looking for a buy to let property.

Key issues you must take into account include when searching for property include:

- thinking about who you want to rent to (your prospective tenant)
- buying in an area where your prospective tenant will want to live and which serves their needs so you can locate a plentiful supply of suitable tenants (finding tenants will be your responsibility)
- how you will deal with any problems that occur
- thinking about your ideal tenant and developing a profile of your requirements
- calculating a clear budget (including legal costs so compare quotes) and not over-extending your finances. Check you can pay any mortgage (to avoid repossession) and outgoings at times when you don't have a tenant or there's a problem with rent collection. Investigate rental insurance so your personal finances are protected

Step 3: Agree the sale

Don't be afraid to haggle over the price and be really clear about what's included in the final price. Items such as carpets can make a big difference to your budget.

Once the price is agreed you will need to exchange your details (including those of your legal representative) with the seller. If you are using an estate agent, they will usually organise this for you.

Bear in mind that until you have formally exchanged contracts (see Step 5) neither you nor the seller is legally obligated to complete the process and can back out without any serious repercussions.

If you need a mortgage then you will need to organise the survey and work towards getting a formal mortgage offer. Your mortgage provider may offer a range of survey options, so make sure that you get the right one for you and the property you're buying (for example, you may want to obtain a more detailed survey for an older property).

Step 4: Information gathering

The next step is for your legal representative to receive the formal contract documentation and information about the

property from the seller's legal representative including:

- exactly who owns it
- whether there are or have been any issues with the property
- exactly what will be included in the sale (fittings and contents)
- what warranties, guarantees and safety certificates the property and its' contents have and if these

are
transferrable to you

- that the property can be rented even if there are already tenants in the property (for example, there are often restrictions if the property you are buying is a leasehold rather than freehold property)
- if the property is currently rented, this will also include details of the types of tenancy held and when it comes to an end (which could mean a delay in completing). Even if it suits you to let the tenants remain in the property after you become landlord you need to be very careful and take specific and detailed legal advice about this. It is, for example, possible for tenants to acquire certain rights through various types of tenancy which make eviction very difficult if you have not followed the correct procedures

It is also important to bear in mind that if the seller is the landlord of the property (i.e. you are not buying from someone who lives in the property) then the seller:

- will have legal obligations as a landlord which they must have met, such as maintaining the property (otherwise those obligations could be transferred to you)
- may know less about the property and may give a limited title guarantee, so you need an experienced legal representative to ensure you are protected
- This stage also includes searches for information other than from the seller such as:
 - the relevant land registry. The land registry keeps details about properties and their owners so the searches will include the "title register" (ownership details) and the "title plan" (what's included)
 - a local search to the relevant local authority (where the property is located) to check whether there are any changes scheduled which could affect the property but also whether the property is subject to a compulsory purchase order, or is a listed building (you will only be able to make limited changes) or in a conservation area
- the relevant water authority
- an Environmental Search to provide details about issues such as previous and current flooding issues, contamination (such as land fill or industrial uses) and radon gas hazards
- dependent on where the property is located your legal representative may also need to obtain specialised information, such as a coal mining or tin mining searches in any areas where such mining has taken place

These searches involve additional charges which your legal representative must pay to the relevant authority.

If you need a mortgage then you should also receive your formal mortgage offer which may contain details of any conditions you need to meet before the money is released to your legal representative.

You must make sure that your legal representative understands your plans and your situation as they go through all of the information with you so that they can fully advise you. It is also really helpful that you share any knowledge that you might have acquired about the property, such as fast turnaround of tenants.

Step 5: Exchanging contracts

Once you and your legal representative have checked all the information and raised any necessary queries you can arrange a date to complete your purchase (a completion date). You will also need to make sure that your legal representative has the deposit you need to pay the seller (usually 10% of the price).

Once you are all happy to proceed your legal representative will organize the formal exchange of contracts (you and the seller will each exchange one signed copy of the legal contract) with the sellers' legal representative. This happens according to a set legal process and is usually done by phone.

Usually, once the exchange of contracts has taken place:

- both you and the seller are legally obligated to complete the sale. If one of you pulls out of the transaction you will face legal consequences
- your legal representative will pay the deposit to the seller's legal representative
- your legal representative will register your interest in the property with the relevant land registry
- you should insure the property

Step 6: Preparing for completion

By now you will have an agreed completion date or deadline which you must work towards or face legal repercussions. Your legal representative will:

- check the formal document (Transfer Deed) to legally transfer the property from the seller to you before you sign it
- complete the necessary accompanying paperwork
- provide you with a "completion statement" which will show exactly what money you need to provide your legal representative. This will include the stamp duty that you need to pay (see Step 7). Make arrangements to pay in advance so you do not delay the completion date
- decide what action you need to take if there are existing tenants

Step 7: Preparing for completion

Completion day is the date that your purchase is finalised and the property will be legally transferred to you. You should arrange to:

- check that any existing tenants have left the property (unless you have specifically agreed they can remain – see Step 4)

- collect the keys (this is usually from the

estate agent) Your legal representative will:

- pay the balance of the money due to the seller
- receive the signed Transfer Deed from the seller and any other accompanying documents. There are some things which the seller and their legal representative need to do, such as paying off the seller's mortgage and providing you with proof. That process can take several weeks so in the meantime the seller's legal representative will give you an undertaking (a professional promise with severe ramifications if they breach) to send proof to you
- pay the Stamp Duty on your behalf. Stamp duty is paid on most buy to let properties (there are very few limited exceptions, such as properties under £40,000) and, as from 1st April 2016, is 3% more than the rate paid if you were buying a home to live in
- register your title at the land registry and record any mortgage (if you have one)

Step 8: After completion

Remember that there are certain things which you need in place before a tenant can move in including:

- Safety checks for gas and electricity
- Written fire risk assessment
- An [Energy Performance Certificate \(EPC\)](#)
- House in Multiple Occupation (HMO) licence which generally applies if the property has 3 or more storeys OR there will be 5 or more people living in 2 or more households (members of the same family) at the property
- The tenancy agreement between you (the landlord) and

the tenants If your property already has existing tenants:

- your legal representative will advise you when the last checks were done so remember to make calendar entries so that you can renew these checks before the final day they are due
- you will have to formally let the tenant know that you are the new landlord

You will need to make sure that you register for tax and/or notify HM Revenue and Customs (HMRC) about your purchase if you have not already done so.

Finally, most of these requirements have time limits so it is important that you know and adhere to them.

If you are confused about conveyancing jargon, you can read our [extensive glossary](#) to help you during your moving process.