Buy-to-let deal checklist

Run every property through this before you make an offer.

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1. Before you offer: do the numbers work?

- [ ] **Gross yield.** Annual rent ÷ price × 100. Compare it with similar streets, not national averages.
- [ ] **Net yield and cash flow.** Take off letting fees (10–15%), insurance, safety certificates, repairs (5–10% of rent) and empty months.
- [ ] **Rental cover (ICR).** Lenders want monthly rent to cover the interest by 125% (limited companies and basic-rate taxpayers) or 145% (many higher-rate taxpayers).
- [ ] **Stress rate.** The interest is tested at a notional rate, often around 5.5% to 7%. Five-year fixes are often tested at the pay rate.
- [ ] **Maximum loan.** Annual rent ÷ (cover × stress rate). Check it is enough before you rely on a 75% loan.

> **Worked example.** A £95,000 terrace lets for £650 a month (£7,800 a year). Gross yield is **8.21%**. At a 5.5% stress rate, the rent supports a loan of up to **£113,455** at 125% cover, or **£97,806** at 145%. A 75% loan of £71,250 passes both, with rental cover of about **199%**.

2. Property checks

- [ ] **Tenure.** Freehold or leasehold? On a lease, check years left (lenders often want 70–85+), ground rent and service charge.
- [ ] **EPC.** It must be at least band E to let in England and Wales. Check the certificate and the cost of upgrades.
- [ ] **Licensing.** Is there selective or additional licensing on the street? Is it an HMO?
- [ ] **Article 4.** Planning permission may be needed to use it as a small HMO.
- [ ] **Condition.** A property with no working kitchen or bathroom may not be mortgageable until it is fixed.
- [ ] **Value.** Some lenders have a minimum property value (often £50,000 to £75,000). Low-value North East terraces narrow the choice.
- [ ] **Demand.** Ask two local letting agents what it would rent for and how fast.

3. Finance checks

- [ ] **Personal or limited company?** Compare tax after Section 24, rental cover (125% vs 145%), rates and running costs.
- [ ] **Deposit.** Usually 25% of the price, plus buying costs.
- [ ] **Fees.** Arrangement, valuation, legal and broker fees. Compare the total cost over the fixed period, not just the rate.
- [ ] **Early repayment charges.** Check the ERC and when it ends before you plan a sale or remortgage.
- [ ] **Bridging?** If you buy at auction or need works first, have a clear exit: the remortgage numbers or a sale price.
- [ ] **Buffer.** Keep money aside for repairs and a few months with no rent.

4. Legal and tax

- [ ] **Stamp duty.** Additional properties pay a 5% surcharge on top of the normal rates. On the £95,000 example that is **£4,750**.
- [ ] **Section 24.** Individuals get a basic-rate tax credit on mortgage interest instead of deducting it. Companies still deduct it. Speak to an accountant.
- [ ] **Renters' Rights Act.** Since 1 May 2026 in England, tenancies are periodic, section 21 has gone and rent can rise once a year by section 13 notice. Budget for the landlord database and ombudsman.
- [ ] **Safety and compliance.** Gas safety, electrical report (EICR), smoke and CO alarms, deposit protection and Right to Rent checks.

5. Deal scorecard

Check	What good looks like	Deal 1	Deal 2
Gross yield	Above the local average for the property type		
Net cash flow a month	Positive after all costs and interest		
Rental cover at stress rate	At least 125% (company) or 145% (higher-rate personal)		
Maximum loan vs loan needed	Maximum loan is higher than the loan you need		
EPC rating	E or better, with a costed plan to improve		
Lease length (if leasehold)	85+ years left		
Licensing / Article 4	Checked with the council, no surprises		
Works needed	Costed, and funded or bridged with a clear exit		
Lender appetite	Value and type suit several lenders		
Total cash in	Deposit + stamp duty + fees + works		
Return on cash	Annual cash flow ÷ total cash in		

Run the numbers in seconds. Use the free deal analyser and rental yield calculator at buytoletbroker.com. When a deal passes, send it to us through the website.

This checklist is general information to help you check a deal. It is not financial, tax or legal advice. Rules and lender criteria change; check the current position before you buy. November 2026.