The Property Starter Handbook

A calm, plain-English guide to your first property deal —
the numbers, the journey, and the honest bits in between.

— B R I D G F U N D E R L O N D O N —

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A WORD BEFORE WE START

Welcome — especially if this is your first

Property has made more quiet fortunes in Britain than almost any other pursuit — and it has humbled more loud ones. The difference is rarely luck. It is patience, arithmetic, and asking the right questions before the money moves.

This handbook is the calm conversation I have with nearly every first-time investor: what the deal actually costs, what lenders actually want to see, and where the gentle traps hide. It will not tell you that every deal is wonderful — plenty are not — but it will help you tell the difference before you sign anything.

Read it with a cup of tea and a calculator. Share it freely. And when you find a deal worth chasing, my details are on the last page — I am always happy to sanity-check the numbers before you commit.

> “A good deal survives scepticism. If the numbers only work when everything goes right, that is not a plan — it is a hope.”

Warmly,
Henry Romanenko — Principal, BridgFunder London

Chapter One

First principles

Two forces pay you in property: **rent** (income while you hold) and **growth** (value while you wait). Beginners often chase growth and tolerate thin rent; seasoned investors do the reverse, because rent pays the mortgage while growth — which no one can promise — does the rest. A deal should stand on its rent; any growth is a bonus, not a plan.

Three questions to ask of every property, in this order:

1. Does the rent genuinely cover the finance? Lenders want 125–145% of the mortgage payment; prudent investors want a little more still.
2. Would it let quickly if it fell empty? Look at lettings listings for the street, not the city.
3. What is my exit? Hold and refinance, sell, or trade up — know it before you bid, because your finance product is chosen by your exit, not the other way round.

> “Buy boring. Boring streets, boring boilers, boring leases. Excitement in property is almost always paid for by the buyer.”

Chapter Two

The money — four routes in

Each route suits a different kind of purchase. Matching the finance to the plan is most of the craft:

The route	Best for	Good fit if…	Typical shape
Buy-to-let mortgage	Held long-term, let to tenants	The rent comfortably covers payments	~4.5–6.5% · 5–25 yrs · 70–80% LTV
Bridging loan	Auction lots, chains, refurbs	There is a clear exit within months	0.9%–1.2%/mo · 6–18 months
Semi-commercial	Shop with flat above	Mixed income suits mixed lending	~7–9% · 15–25 yrs · ~65–70% LTV
Development / light refurb	Adding value with works	Costs and timeline are fully costed	Drawn in stages · 70% LTC typical

A quiet word: the cheapest product is rarely the right one. A bridging rate that looks steep can be the cheapest money in the room if it buys you six months of certainty. Judge the whole cost of the journey, not the sticker on the door.

Chapter Three

The numbers that matter

Lenders look at three figures before they look at anything else. So should you:

Loan-to-value (LTV). The loan as a share of value or price, whichever is lower. At 75% LTV your deposit and costs are a quarter of the deal.
Rent cover (ICR). Rent must exceed the mortgage payment — typically by 125–145%, stress-tested at a higher "stress rate".
Day-one costs. The money you need beyond the deposit. It surprises more first-timers than anything else:

Day-one cost	Typical range	When it is paid
Deposit	20–30% of price	On exchange
Stamp duty (second property)	3% + standard bands, England	14 days after completion
Legal & conveyancing	£1,200–£2,500	On completion
Valuation & lender fees	£300–£2,000	At application/offer
Broker arrangement	Often 0–1% (lender-paid is common)	On completion, always disclosed first
Contingency	1–2% of price (please keep this)	When the boiler disagrees

> "The deposit is not the budget. The budget is deposit + costs + three months of payments you can still make if the flat sits empty."

Chapter Four

A first deal, told honestly

A two-bed flat in Wembley, £315,000. First-time landlord, £80k saved, renting out the flat she once lived in. Expected rent £1,500 per month.

The arithmetic, done before the offer: 75% buy-to-let mortgage of £236,250; stress-tested payment at 8% over 25 years ≈ £1,820 — above the rent. On that basis several lenders said no. The fix was not a bigger deposit for its own sake, but a lender whose stress rate was realistic for a rising-rent area: at a 5.5% stress the payment is £1,451, and the rent covers it 103%… still short of the 125% rule. The honest answer at £1,500 rent was a slightly lower loan: at 70% LTV (£220,500) the stress payment falls to £1,355 — rent cover 111% — and one specialist lender, using her excellent credit file and a 5-year fixed, accepted at 125% on the *actual* rate rather than the stress.

The outcome: £94,500 deposit plus roughly £6,800 of costs, a 5-year fix at 5.2%, rent cover confirmed at 127%, and a tenant in place two weeks after completion. Not glamorous — but cash-positive from day one, with the refinance conversation booked for 2028.

Chapter Five

The journey, week by week

Stage	What happens	Typically
Offer agreed	Price agreed; finance application begins	Week 0
Valuation	Lender’s surveyor visits; report to lender	Weeks 1–2
Underwriting	Documents verified; offer produced	Weeks 2–4
Legals	Searches, enquiries, contracts	Weeks 3–8
Exchange	Deposit paid; the deal becomes binding	Week 8–10
Completion	Funds released; keys are yours	Weeks 10–12

Auction purchases run to a far shorter clock — 28 days is common — which is precisely why they use bridging finance rather than a standard mortgage. If the timeline cannot flex, the finance must not be standard.

Chapter Six

Six gentle warnings

1. Falling in love with a property. You are buying an income, not a home. Be prepared to walk away by the valuation.
2. Forgetting empty weeks. Budget one month void per year, minimum.
3. Underestimating works. Whatever the survey hints, double it in your head.
4. Chasing headline yields. 12% yields live where tenants and trouble are plentiful. 6% in a solid area usually outperforms 12% in a fragile one.
5. Leaving the finance until after the offer. Get a decision in principle *before* you bid — it also tells you your true budget.
6. Going alone on deal one. A good broker costs you nothing extra on most BTL deals and saves you the tuition fee of learning it the hard way.

Chapter Seven

How BridgFunder helps

We compare 300+ specialist lenders for your exact case — including the ones that understand first-time landlords, semi-commercial premises, and auction clocks. You get the honest comparison in plain English, we handle the paperwork and the chasing, and we are paid by the lender on most products. Members of the NACFB and FIBA; FCA-regulated (FRN 1051038).

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