

HSBC UK

Useful Guide



Buy to let (BTL) and Let to buy (LTB) mortgages

November 2023

Why choose HSBC UK?

- Available to UK nationals and UK based foreign nationals, subject to meeting criteria
- Income can be in a foreign currency, refer to [Foreign Currency Matrix](#) for acceptable currencies
- Various reasons for Additional borrowing permitted, including home improvement on the mortgaged and other properties, debt consolidation and for business purposes (subject to criteria and LTV limits)
- Unencumbered BTL (not LTB) Additional borrowing permitted within six months of ownership, subject to Land Registry check.

BTL basics

- Applications are assessed on a Rental Funded basis
- Rental income must cover 125% (basic rate tax payers) or 145% (high rate tax payers) of the stressed mortgage repayment.
- Stress rates:

Loan type	Stressed rate
All applications on a 5 year fixed rate	Product rate + 1.5% or 6.5% (whichever is higher)
Like for like remortgage on a 2 year fixed rate	Product rate + 1.5% or 6.5% (whichever is higher)
All other applications on a 2 year fixed rate	Product rate + 2% or 6.5% (whichever is higher)
All applications on a Tracker rate	Product rate + 3% or 6.5% (whichever is higher)

- Applications can be completed for Purchase, Remortgage, Let to Buy, Unencumbered (not LTB), Additional Borrowing, Porting or Product Switches.
- If the property is Unencumbered, please add a clear note to the application. If the property is based in Scotland or Northern Ireland, a letter from the Solicitor will be required to confirm ownership.

- For new borrowing, a procurement fee of 0.5% will be paid upon completion. For a product switch, a procurement fee of 0.2% will be paid after the switch date.
- Our [BTL calculator](#) can be used to determine if your customer's rental income is sufficient for a BTL mortgage.

BTL eligibility

- The customer must be resident in the UK.
- Mortgage payments to be funded by rental income.
- Variable income is now accepted towards minimum income requirements. If basic income is insufficient to meet affordability, please contact our broker support helpdesk who will add the variable income on to the application. The system will automatically calculate 60% of this which will be used to support affordability.
- No more than 3 BTL mortgaged properties can be held at any one time.
- We do not accept applications where we consider the applicant to be a [portfolio landlord](#).
- We no longer have a professional landlord policy for BTL applications however, we will cap at £2M overall BTL held with HSBC.
- At least one applicant must have a minimum basic income of £25,000 per year (excluding all rental income).
- At least one applicant must be an owner occupier of a residential property (for a minimum of 6 months) either outright or subject to an existing residential mortgage.
- Where the applicants residential mortgage is not with HSBC UK, evidence must be provided to support the customer's eligibility, for example a mortgage statement from their mortgage provider including drawdown date etc.
- If the property is unencumbered, clear notes should be added to the application to confirm the customer's owner occupier status.
- Maximum LTV amounts as follows:
 - 75% LTV for borrowing up to £1,000,000
 - 60% LTV borrowing from £1,000,001 to £2,000,000
 - 60% LTV for maximum £50,000 additional borrowing required to consolidate debt.
- The property is not a House in Multiple Occupation (HMO).
- A valid and up-to-date Energy Performance Certificate (EPC) is required, with a minimal acceptable rating of E or above. A rating of F or G will deem the property unsuitable for mortgage lending.

To find out more about our lending criteria and customer eligibility, please visit our [BTL lending criteria](#) page.

Our BTL mortgage products

- 2 Year BTL Fixed at 60%, 65% and 75%
- 5 Year BTL Fixed at 60%, 65% and 75%
- 2 Year BTL Term Tracker at 60%, 65% and 75%

Our [BTL Product Range](#) is available to view on our broker website.

Further information

[Chat with us](#), call our Broker Support Team on 0345 600 5847 (Monday to Friday, 9am to 5pm) or contact your [local BDM](#).