

HSBC UK Criteria Bulletin

Buy to Let mortgages

May 2022



BTL basics

- ◆ Applications are assessed on a Rental Funded basis only
- ◆ Rental income must cover 125% (basic rate tax payers) or 145% (high rate tax payers) of the stressed mortgage repayment
- ◆ A stressed rate of 5.5% will be used unless:
 - A product term of at least 5 years is selected (e.g. 5/10 year fixed rate); or
 - A remortgage where the debt is not increasing (like-for-like remortgage)
 - For the two above scenarios, a stressed rate of 4.99% will be used
- ◆ They can be completed for Purchase, Remortgage, Let to Buy, Unencumbered, Additional Borrowing, Porting or Product Switches
- ◆ 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 only
- ◆ 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](#)

- ◆ At least one applicant must have a minimum basic income of £25,000 per year (excluding rental income)
- ◆ At least one applicant must own 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](#).