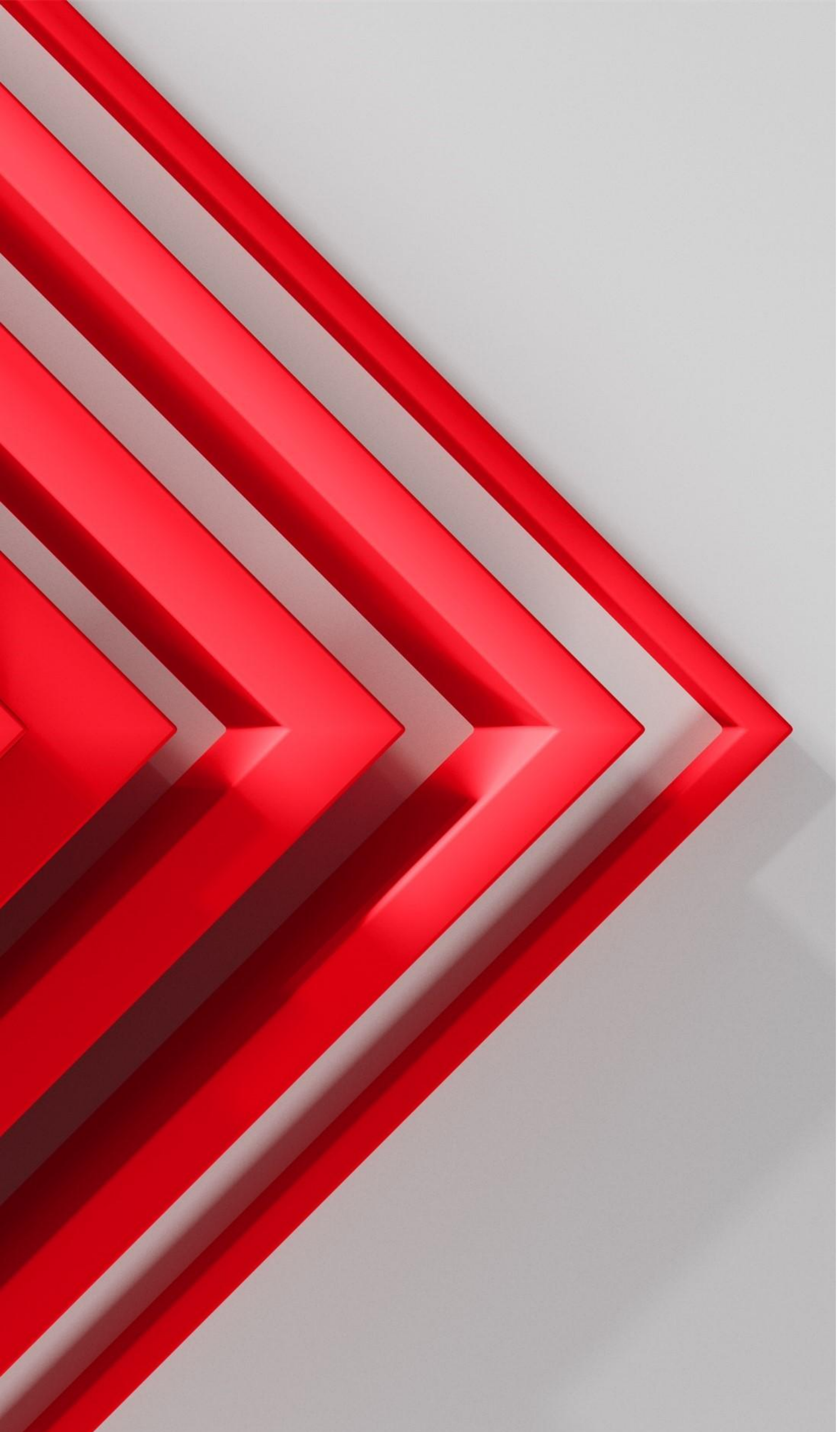
HSBC UK Useful Guide

Interest only - Residential

HSBC | Opening up a world of opportunity



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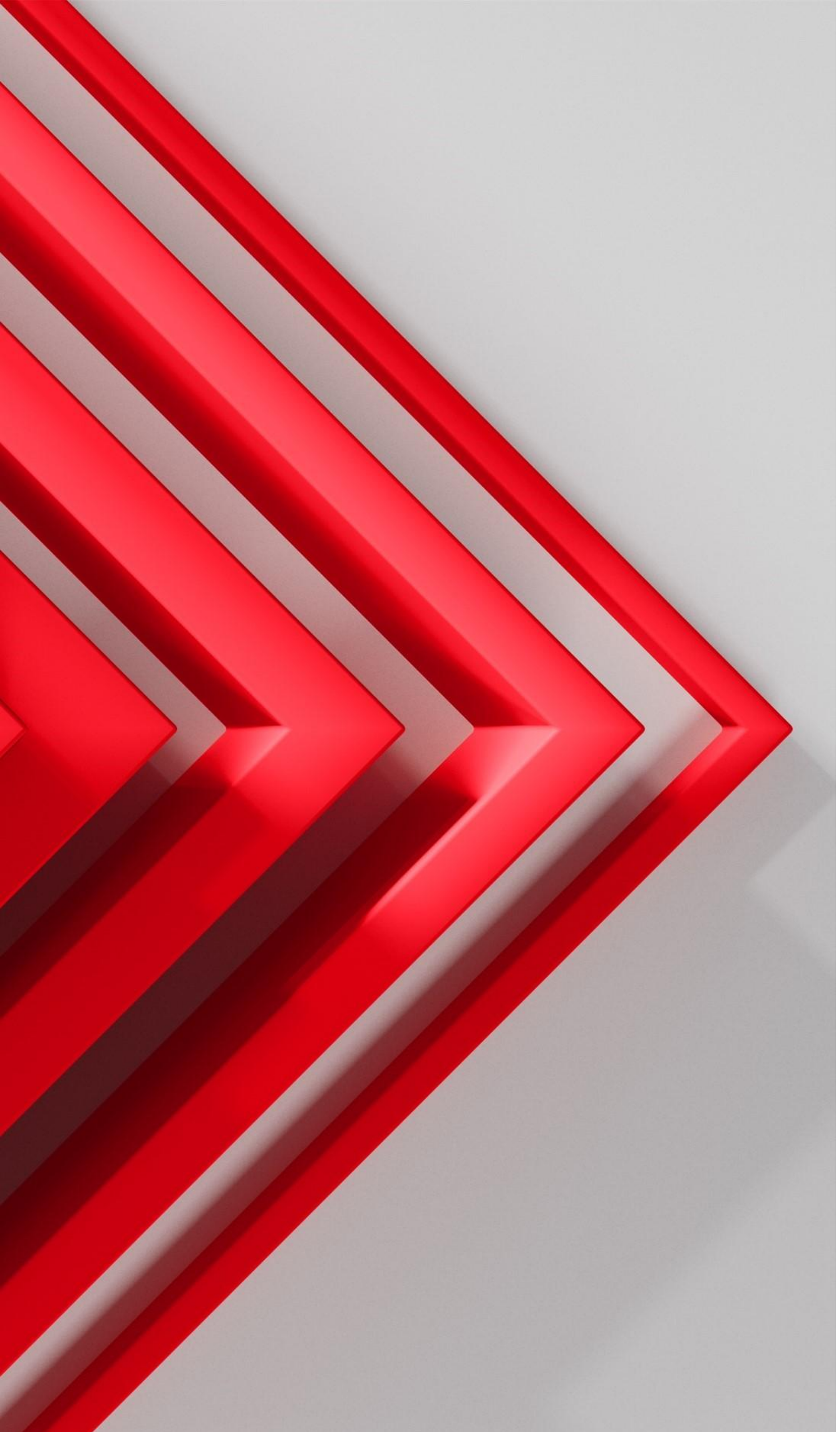
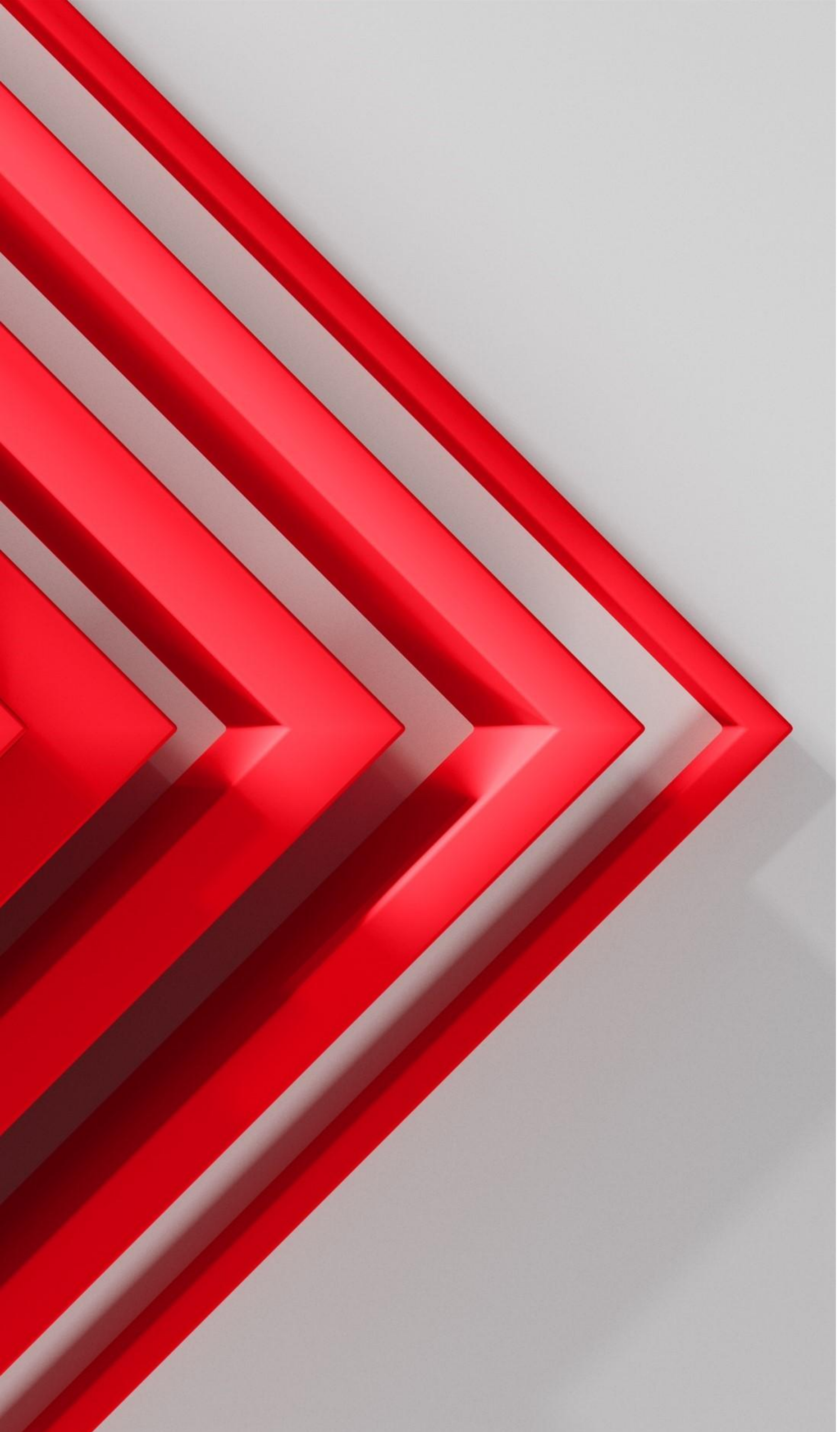


Why choose HSBC UK?

- Maximum overall 85% LTV for Part and Part cases – subject to policy / lending limits
- Maximum Interest only element 75% LTV (Purchase and Remortgage applications) - subject to policy / lending limits
- Maximum Interest only element 60% LTV (Additional borrowing applications)
- Mix of repayment plans accepted
- No minimum value of equity required (subject to maximum permitted LTV)
- All Interest only applications are assessed for affordability on a Capital repayment basis.

Criteria

- Minimum sole income - £75,000 (for joint applications, one applicant must meet the sole minimum income criteria. Minimum income excludes bonus, commission, overtime and rental income). Please refer to eligible income section below
- Term – minimum 5 years, maximum 25 years (the Capital repayment element can be taken up to a maximum of 40 years)
- Maximum age, subject to lending into retirement requirements:
  - Interest only - the day prior to the 70th birthday or anticipated retirement age (whichever is sooner)
  - Capital repayment element can now be taken up to the applicant's 80th birthday.



Eligible income sources

- Employed income – basic and fixed allowances (excluding bonus, commission, overtime and rental income)
- Self-employed income – Net profit and Director's salary for Limited Companies
- Pension
- Benefit income
- Investment / trust
- Maintenance
- Rental income – eligible to support affordability only.

LTV and loan size limits

Purchase and Remortgage applications:

Residential

Houses

Loan amount	Maximum LTV Capital repayment	Maximum LTV Interest only	Maximum overall LTV (Part & Part)
Up to £570,000	95%*	75%	85%
Up to £775,000	90%	75%	85%
£775,000 to £3million	85%	75%	85%
£3 million to £5 million	75%	65%	75%
Over £5 million	70%	65%	65%

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Flats / Maisonettes

Loan amount	Maximum LTV Capital repayment	Maximum LTV Interest only	Maximum overall LTV (Part & Part)
Up to £750,000	90%	75%	85%
£750,000 to £1million	85%	75%	85%
£1million to £2million	75%	75%	75%
£2 million to £3 million	75%	65%	75%
Over £3 million	70%	65%	65%

BTL

Loan amount	Maximum LTV Capital Repayment or Interest Only
Up to £400,000 EPC A, B or C	80%
Up to £1million	75%
£1million to £2million	60%

Repayment plans

Acceptable repayment plans	We are unable to accept the following as a suitable repayment plan
• Ad-hoc capital (repayment plan is capped at 50% LTV) • Savings • Endowments • Stocks & Shares ISA • Investments • Funds can be held in the UK or overseas (subject to criteria) • Sale of other UK property	• Sale of current or planned main residence at end of term • Sale of mortgaged property (for Residential applications) • Sale of commercial or overseas property • Lump sum from a personal or occupational pension scheme • Funds held in businesses

Ad-hoc repayment plan

How to calculate the ad-hoc repayment amount for Interest only borrowing:

Requested loan amount (including fee, if added) divided by requested term (in months) = monthly ad-hoc amount required to fund repayment plan.

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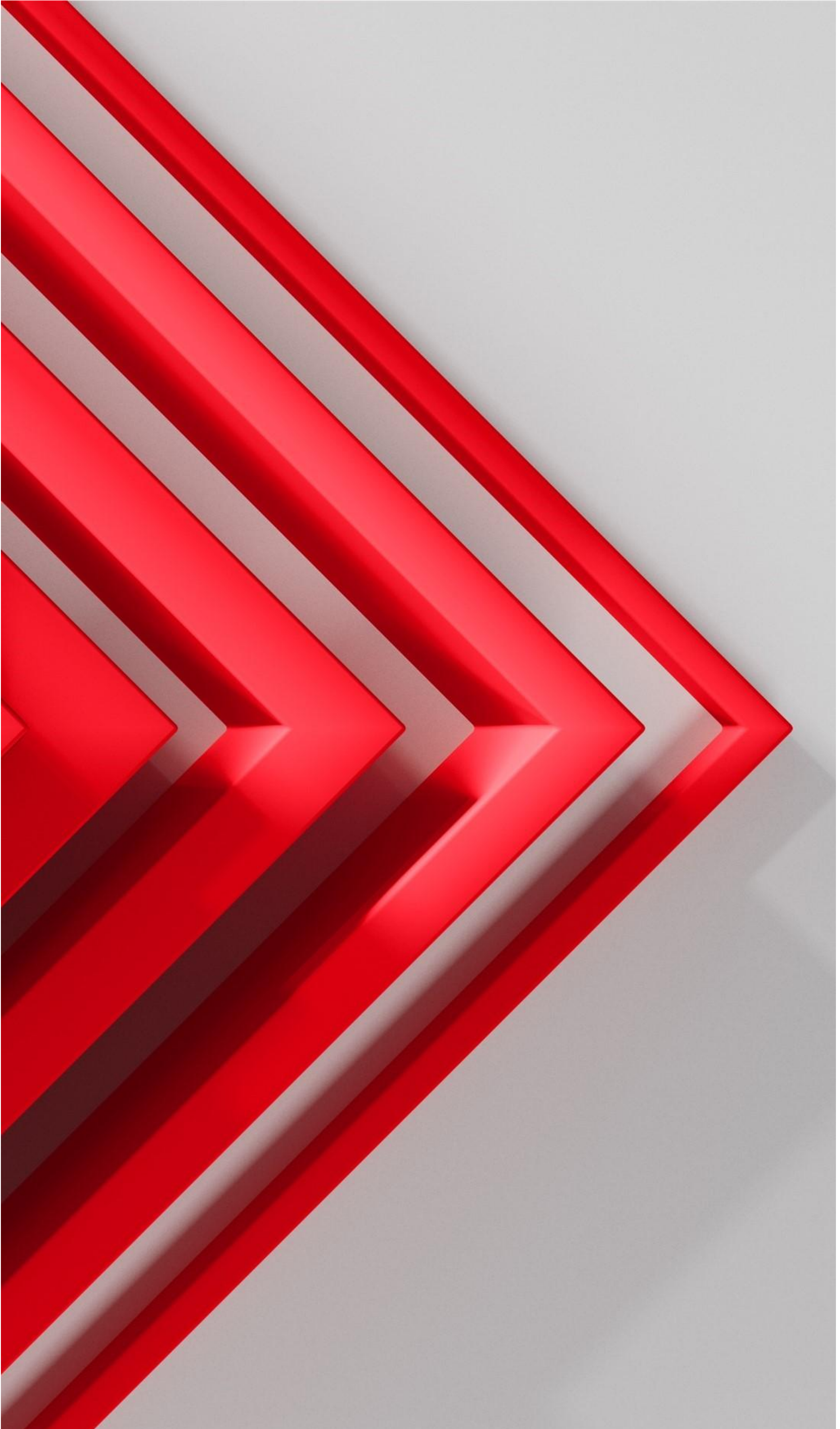
Example - £300,000 over 25 years = £300,000 / 300 (25 x 12) = £1,000 per month required.

Note: Ensure any fees being added to the loan amount are included in the calculation.

Example - £300,999 over 25 years = £300,999 / 300 (25 x 12) = £1,004 per month required.



- Affordability calculator:
  Keyed as 'Payment to fund repayment strategy for Interest only mortgage'.

Payment to fund repayment strategy for Interest Only mortgage ?

£

- Application:
  Keyed as 'Payment to fund repayment strategy for Interest only mortgage' under household expenditure.

Monthly costs

Payment to fund repayment strategy for interest only mortgage

£

Please note: This information is captured as part of the application only; affordability will be assessed on a Capital repayment basis excluding this figure.

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.