

HSBC UK Criteria Bulletin

Utilising Rental Income (BTLs in the Background)

January 2022



Buy to Lets (BTL) in the background: Our assessment is based on the full costs associated with the BTL – not just the rental income.

Documentation required:

Latest years tax return and/or business accounts dated within the last 18 months.

Income:

- Gross rental income from box 20 of SA105 – annual in calculator, monthly in application

Expenditure:

- BTL/Other outgoings – boxes 24-29 of the SA105 added up and divided by 12 to give a monthly figure
- Input monthly BTL mortgage payments as loan payments

Exclusions:

Portfolio/Professional landlord

A **portfolio landlord** is a person(s) with:

- Four or more mortgaged BTL's across all applicants or;

A **professional landlord** is a person(s) with:

- Combined lending over £2m across all background properties

Limited Company BTLs in the background

If your customer runs their BTLs through a Limited Company and its operating in profit, then the rules on property numbers and lending to determine status still apply, unless the customer is a professional/portfolio landlord.

- If they are NOT professional/portfolio landlords, then you can use the Ltd Co net profits as a second job
- If they ARE professional/portfolio landlords, then the Ltd Co BTLs will simply be ignored

No SA100 held

- Property has been recently acquired
- Profit too low to submit return
- Tax taken via PAYE coding

Please provide the property AST, the latest bank statement dated within 35 days showing rent in and mortgage out and an estimation of monthly running costs in void periods.

Overseas BTLs

For properties held abroad, please call your BDM and consult the acceptable [foreign currencies matrix](#) to check the country/currency is acceptable.

Second homes:

We can provide mortgages for second homes if both loans can be serviced entirely from the applicant's salary, subject to our normal credit assessment. This is limited to one property in addition to the applicant's main residence.

Standard Lending Criteria applies subject to:

- No more than 2 residential properties per applicant on completion
- Includes properties that are mortgages (Inc. Consent to Let)
- A maximum LTV of 80% for second residential
- Both properties must be for occupation/use by the customer or immediate family
- The property must not be let on either an Assured Shorthold Tenancy or Holiday Let basis
- LTB not considered – second home policy applies
- Costs of running current residential to be input in 'other outgoings', this includes but is not limited to insurance, council tax and utilities
- Second properties are subject to a maximum term of 30 years