

# HSBC UK Criteria Bulletin

## Utilising Rental Income (Background BTLs)

September 2021



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 SA100 tax return 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 excluding box 26 (allowable loan interest) added up and divided by 12 to give a monthly figure
- ◆ Monthly BTL mortgage payments as loan payments

### Exclusions:

#### Portfolio/Professional landlord applications

Where there is/are:

- ◆ More than 3 mortgaged BTL's across all applicants
- ◆ The gross rental income equates to more than 50% of total joint income
- ◆ Combined lending over £2m across all background properties

The rental income will not be included but the costs and mortgage payments will be deducted

## Exclusions cont.

### 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.

- ◆ 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 on completion
- ◆ A maximum LTV of 80% for second residential
- ◆ 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