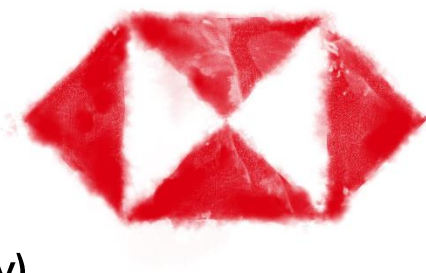


HSBC UK

Useful Guide



Utilising Rental Income

Background Buy to let and Let to buy (BTL and LTB – Residential applications only)

May 2024

We can include **gross** rental income if the customer(s) hold a BTL property, and where the customer is changing the current residential home into a BTL / LTB, subject to the below criteria being met.

As we are using the gross income, the appropriate property running costs are to be included within the expenditure, along with the mortgage payment if applicable.

Benefit to the customer:

The gross rental income where it can be included, forms part of the total income on the case, impacting income multiples.

For example:

Income of £80,000

Gross rental income £2,000 per month (£24,000 per annum)

This will result in the higher 5.5 times income multiple being applied for case at 85% LTV or less (total income £100k and above).

Existing BTL documentation required:

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

If no SA100 held:

- Property has been recently acquired (less than 12 months)
- 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 payment, 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 currency matrix](#) to check the country / currency is acceptable.

Income:

- Gross rental income SA100 – input annually in affordability 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 in calculator or mortgage section of the application.

LTB documentation required:

- ARLA letter confirming future rental income
- Mortgage offer for the new LTB mortgage (note, Consent to let is not acceptable).

Income:

- Gross rental income from the ARLA letter – input annually in affordability calculator, monthly in application.

Expenditure:

- BTL / Other outgoings – running costs for the property, assumed not let immediately including council tax, utilities etc.
- Input new BTL / LTB mortgage payments as a loan payment in calculator or mortgage section of the application.

BTLs held in a Limited Company:

Limited Company BTLs in the background:

If your customer runs their BTLs through a Limited Company and are operating in profit, the rules on property numbers and lending to determine status still apply.

- If they are NOT Portfolio landlords, then you can use the Limited Company net profit as a second job

- If they ARE Portfolio landlords, whilst the income cannot be used, the accounts may be required to confirm that the Limited Company is not making a loss.

Exclusions:

- **Portfolio landlord:**

A Portfolio landlord is a person(s) with four or more mortgaged UK BTL properties across all applicants, including those held within a Limited Company.

- Where a tax return is not available, except for the reason stated above.

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](#).