

Important changes to our lending policy

From **Monday 9th May**, we made the following changes to our lending policy:

Self-employed – residential mortgage applications

As part of our ongoing commitment to ensure our lending policy remains fit for purpose, we will be returning to our pre-covid position for self-employed residential mortgage applications.

The following documents will be required to support your customer's self-employed mortgage application:

Sole Trader, General Partnership or Limited Liability Partnerships with fewer than 200 partners

- The last 2 years' worth of Tax Year Overviews and Tax Calculations - the most recent year must be dated within the last 18 months.

Limited Company Director with 25% or more shareholding

- The last 2 years' finalised accounts - the most recent year must be dated within the last 18 months (Where the latest year's finalised accounts are dated on or before 31st March 2021, the last 3 months' business bank statements will be required).
- If there is more than 1 director, we will also require the last 2 years' P60s or the last two years SA302 / tax calculations, and the corresponding tax year overviews to evidence salaried income.

Limited Liability Partnerships with 200 or more partners

- Letter issued by either the company finance director or accountant (the letter must detail the customer's earnings over the past 2 years and be dated within the last 3 months)

We will accept self-employed income which includes the Government's Self-Employed Income Support Scheme (SEISS).

Please note, in some instances additional information may be required by the Underwriter to support the application.

Loan to Income (LTI) – residential mortgage applications

Our Loan to Value (LTV) banding will be changing from 90% LTV to 80% LTV. Any applications that reach a full credit decision after the 8th May will be subject to the below LTI:

LTV	Joint income	Max. income multiples
<=80%	<£50,000	4.49x
	>=£50,000 to <£100,000	4.75x
	>=£100,000	5.50x
>80%	All incomes	4.49x

Buy to Let (BTL) lending policy

The following changes will be made to our BTL lending policy:

- Removing the need for bank statements when assessing income and will be requested by exception only.
- The latest year's self-employed income will only be used when assessing your customer's case. Please note, you will still be required to input the last 2 years, but will only need to evidence the latest year.
- Removing the professional landlord policy, allowing applications from individuals with BTL borrowing greater than £2m across all lenders, and where more than 50% of the customer's total gross annual income is derived from rental income.
- The maximum aggregated BTL borrowing with HSBC will be capped at £2m.
- A maximum LTV of 60% for borrowing >£1m to <=£2m.