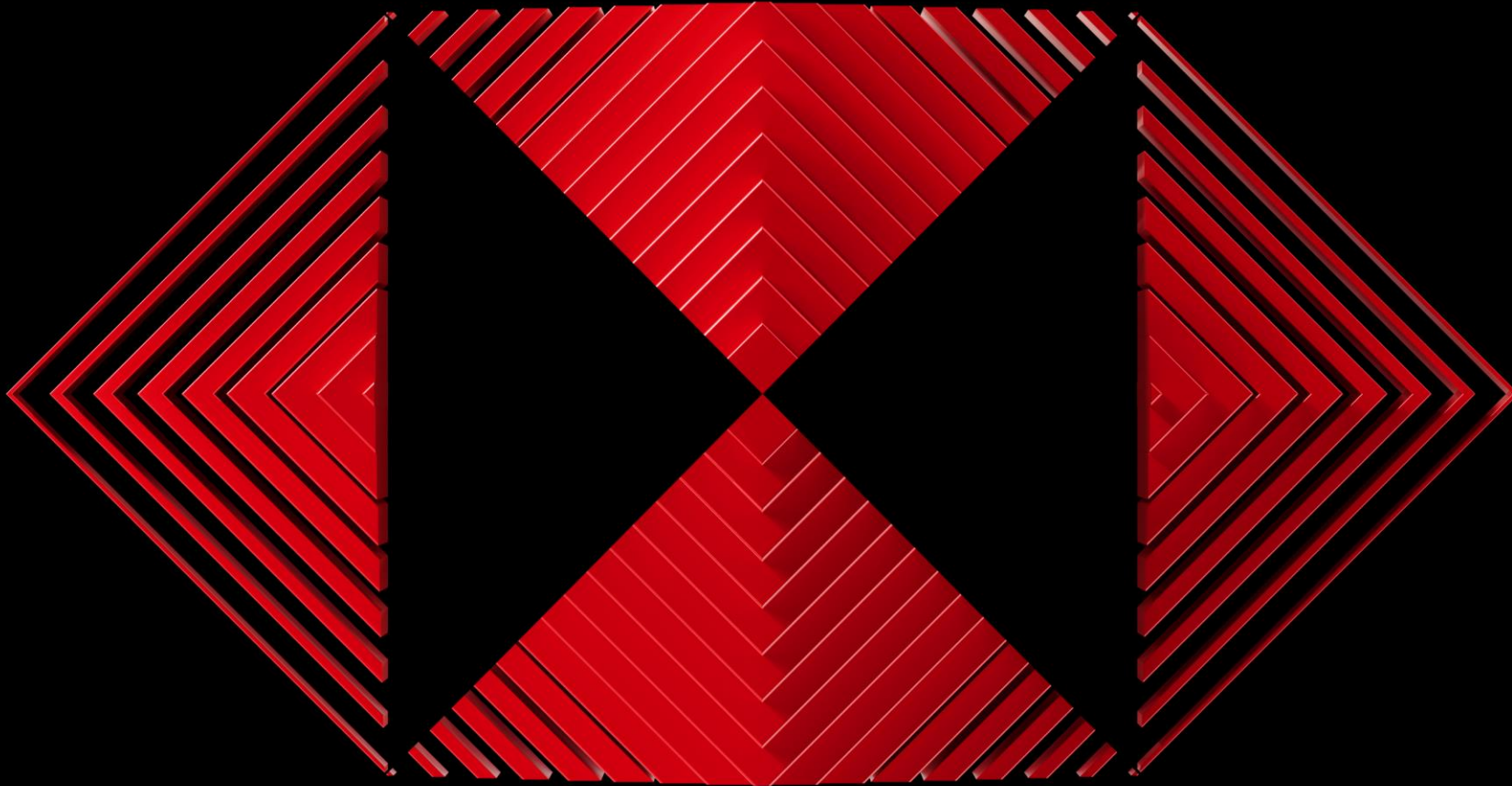


Reasons to use HSBC UK



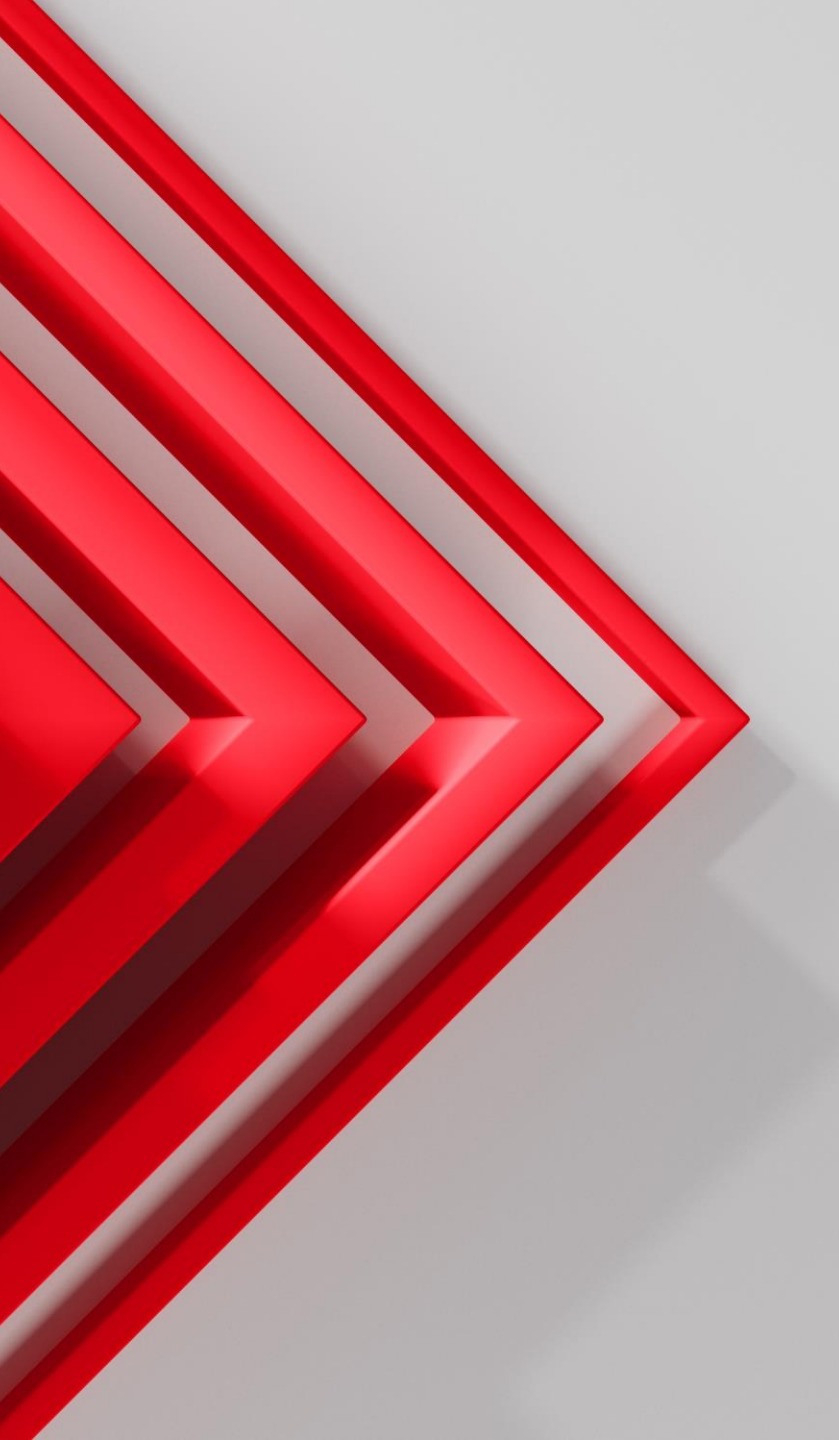
HSBC UK

| Opening up a world of opportunity



Agenda

- ◆ Products
- ◆ LTV and loan size limits
- ◆ Maximising income multiples / Affordability
- ◆ Types of income
- ◆ Gifted deposits
- ◆ Foreign nationals resident in the UK and overseas customers
- ◆ Remortgaging
- ◆ Existing customers
- ◆ Further reasons to use HSBC UK



HSBC UK is the natural choice for mortgage brokers. In a competitive mortgage market, here are some of the reasons to use HSBC UK that will enable you to add value to your customers, and possibly turn their dreams into a brilliant reality.



Products

- ♦ A full range of mortgage products including a cashback, Energy Efficient Homes, International and Premier
- ♦ Free valuations on all application types where required
- ♦ All offers are valid for 180 days (90 days for Product switch cases)
- ♦ Minimum term five years, maximum term is 40 years for Purchase / Remortgage / Additional borrowing and BTL applications. Maximum 25 year term for Residential interest only cases, including part and part.



LTV and loan size limits

Residential

Loan amount	Capital Repayment	Interest Only	Part & Part Top Up
Up to £570,000	95%	75%	N/A
£570,000 to £750,000	90%	75%	N/A
£750,000 to £2million	85%	75%	10%
£750,000 to £1million Flats	85%	75%	10%
£1million to £2million Flats	75%	75%	N/A
£2 million to £3 million	75%	65%	10%
Over £3 million	70%	50%	20%

BTL

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



Maximising income multiples / Affordability

- ♦ Based on total income evidenced on the application, this includes 100% of:
- ♦ Basic income (including multiple jobs)
- ♦ Self-employed (including multiple businesses)
- ♦ Allowances
- ♦ Variable pay – Overtime, bonuses, commission (60% used towards affordability)
- ♦ Rental income
- ♦ Pension income
- ♦ Investment income
- ♦ Pre-haircut figure for foreign currency incomes.

Applicant	LTV	Salary	Maximum Income Multiple
Premier account holders	90% or less	All incomes	6.50
First Home Mortgage (i.e. FTB)	90% or less	Sole applicant £35,000 and above Joint applicant (combined) £55,000 and above	5.50
All other applicants (including FTB's not meeting the First Home Mortgage / income criteria above)	85% or less	Less than £45,000	4.49
		£45,000 up to (but not including) £100,000	5.00
		£100,000 and above	5.50
	Over 85% up to (and including) 90%	Less than £75,000	4.49
		£75,000 up to (but not including) £100,000	5.00
		£100,000 and above	5.50
All applicants	Over 90% up to 95%	All income	4.49



Types of income

Variable pay

- ♦ Overtime, commission and bonus included
- ♦ 60% for affordability
- ♦ Monthly variable pay based on latest three-month average not YTD or P60
- ♦ Not capped against basic salary.

Self-employed income

Residential – Two-year average or latest year if lower. For customers trading for less than two years or do not have the first two years trading accounts we will average the one year's income over a two-year period

BTL – Latest years income

Sole Trader / Partnerships / LLP's – no more than 50 partners

- ♦ Tax calculations and Tax Year Overviews required

Limited companies

- ♦ Salary and share of net profits
 - ♦ 25% shareholding or more applies
 - ♦ Less than 25% shareholding net profit can be used where required for affordability
- ♦ LLP's more than 50 Partners
 - ♦ Letter from the Finance Director, Manager of Partner Affairs / Accounts or Company Accountant confirming the income. The letter must contain:
 - ♦ Customers earnings over the past two years;
 - ♦ Date joined the business;
 - ♦ Date they were made a partner; along with
 - ♦ Authors job title and any accountancy qualifications.



Types of income

Foreign currency income accepted

- ♦ Over 150 currencies accepted
- ♦ Various countries accepted as a source of income / repayment strategy
- ♦ Haircut applies – ranging from 10% to 30%.

Rental income – Residential Applications

- ♦ 100% of gross rental income included within income multiples
- ♦ SA100 (tax return) for BTL property rented over a year
- ♦ For BTL property rented out less than a year, AST and one months' bank statement dated within 35 days of the application submission date, to evidence rental income and mortgage payment
- ♦ ARLA letter for those being refinanced onto Let to buy / Buy to let mortgage (not Consent to let)
- ♦ Not available for Portfolio landlords – more than three mortgaged UK BTL properties.



Types of income

New employment

- ♦ No minimum time in employment - first payslip and contract required
- ♦ All customers who have started or are starting with a new employer within three months of applying for a mortgage and cannot provide their first payslip will be assessed based on their current / existing salary (unless the future salary is lower). The new salary will only be considered once the customer has their first payslip
- ♦ Probationary periods accepted subject to a copy of the contract of employment confirming whether a permanent or temporary contract is held. If temporary this would need to meet our Fixed Term Contract policy.

CIS Workers Policy

- ♦ Are assessed in line with Self-employed Sole Trader policy
 - ♦ 2 years tax calculations and TYO

Umbrella workers' / Agency workers' on Fixed term contracts policy

- ♦ Are now assessed in line with Fixed Term Contract policy (or Zero Hour Policy if applicable)
- ♦ Minimum 6 months in same line of work with 12 months remaining or 12 months in the same line of work (including Contract work, employed and self-employed work history)
- ♦ Maximum 6 weeks total gap permitted in any 12 month period
- ♦ Latest Payslip and P60 (lower of)
- ♦ P60 may be pro-rata to confirm a 12-month income period

Zero hours Policy (including NHS Bank Work, Locums and Agency workers)

- ♦ Minimum 12 months in role
- ♦ 3 months average income or P60 (lower of)
- ♦ P60 cannot be pro-rata

Daily Rate Contractor Policy

- ♦ These will be assessed in-line with either the self-employed guidelines or above policies



Gifted deposits

- ♦ Gifts accepted from spouse, domestic partner, grandparent, parent, sibling, half sibling, aunt, uncle, cousin, in-law relation or step relation, confirming the gift is unconditional and not repayable (not accepted for foreign nationals or non-UK residents unless in addition to the minimum deposit criteria)
- ♦ For International customers, a Family Gifted Deposit is acceptable from a family member who is a HSBC Group Jade or Private Banking customer
- ♦ Gifts from overseas accepted subject to solicitor checks being completed
- ♦ Declarations of trust considered for joint applications
- ♦ Gifted deposits are not acceptable for foreign nationals, unless they are in addition to the 15% deposit provided from the applicant's own resources.



Foreign nationals resident in the UK

Customers will be required to provide evidence of their visa status.

For customers with Settled status, Indefinite Leave to Remain, Indefinite Leave to Enter, Right of Abode, Republic of Ireland national, holder of a Republic of Ireland passport or were granted a pre-settled status under the EU Settlement Scheme, we will process applications submitted as per our standard Residential lending criteria.

This includes where one applicant meets the above for joint applications.

- ♦ For customers without Indefinite Leave to Remain, Indefinite Leave to Enter, Right of Abode or no Pre-settled Status, we will process applications if they meet our foreign national criteria as detailed in the below table:

All applicant(s) have lived in the UK 12 months or more	Any applicant(s) have lived in the UK less than 12 months
<ul style="list-style-type: none">♦ The customer must evidence that they have lived in the UK for a minimum of 12 months at point of application	<ul style="list-style-type: none">♦ Minimum income of GBP75,000 for sole application or GBP100,000 for joint applications
<ul style="list-style-type: none">♦ Maximum LTV of 85 per cent for mortgage borrowing, fees may be added to the loan♦ Deposit is funded from the customer's own resources, i.e. personal savings. Gifts are not acceptable, unless they are in addition to the 15 per cent deposit provided from the applicant's own resources.	



Overseas customers

- ♦ Residential and BTL mortgages available for UK and non-UK nationals living overseas in an approved country
- ♦ Minimum income of £75,000 per annum for one applicant (not including variable or rental income), this can be employed or self-employed customers
- ♦ Maximum LTV of 75% for mortgage borrowing and additional lending
- ♦ For more information see our lending criteria
- ♦ Deposit is funded from the customer's own resources. Gifts are not acceptable, unless they are in addition to the 25 per cent deposit provided from the applicant's own resources or the gift is from a family member who is a HSBC Group Jade or Private Banking customer.



Remortgaging

- ♦ £ for £ Remortgage, Additional borrowing may be provided if required
- ♦ AVM completed within the application or free valuation completed.
- ♦ Day one Remortgage available in certain circumstances – no minimum term for property ownership*

*subject to additional checks and property being registered



Existing customers

- ♦ Product switching and porting available
- ♦ Additional borrowing available – standalone or in conjunction with Product switch.
- ♦ Sliding Scale ERC – reduces daily
- ♦ No ERC trackers available
- ♦ 10% annual overpayment allowance



Further reasons to use HSBC UK

- ♦ Soft footprint credit search at DIP
- ♦ Second residential properties - Purchase and Remortgage up to 80% LTV
- ♦ Mortgage term available in years and months - maximising the affordability and term
- ♦ Base rate trackers with no ERCs
- ♦ New build - 5% cash incentives permitted without impact (excluding part exchange cases)
- ♦ Lending into retirement considered with either pension projections and / or projections.