



# A loan-level data collection for buy-to-let lending: phase 3 of the collection (buy-to-let loans within corporate business units)

By Ross Meader

Tel: +44 (0) 20 7601 5112

[ross.meader@bankofengland.co.uk](mailto:ross.meader@bankofengland.co.uk)

This article outlines details of phase 3 of the loan-level data collection for buy-to-let lending, to be implemented from the reporting of 2018 Q3 data. This covers lending secured on residential rental properties, carried out within the business units of reporting institutions that focus on corporate customers.

## Background

This is the latest in a series of articles published by the Bank of England, outlining plans for a new loan level data collection covering buy-to-let and similar types of lending.

In April 2016, the Bank of England published a consultation article on the new buy-to-let data collection.<sup>1</sup> In July, the Bank published a summary of the feedback responses and outlined planned changes to the collection. This included details of phase 1, to be implemented from the reporting of 2017 Q3 data.<sup>2</sup> In September, the Bank outlined details of phase 2 of the collection, to be implemented from 2018 Q1 data.<sup>3</sup> Phases 1 and 2 apply to widely available buy-to-let lending products carried out in the business units of reporting institutions that focus on individuals and small businesses.

## Phase 3 of the collection

During the consultation, firms expressed concerns about the greater complexity in reporting relevant lending undertaken by their corporate business units because these loans are not currently designated as 'buy-to-let' lending.<sup>4</sup> The Bank decided to defer reporting of corporate business unit lending to a separate third phase, to be implemented from 2018 Q3 data. The Bank has held a series of meetings with the Council of Mortgage Lenders and a sample of firms to develop the third phase attributes and definitions. The Bank has today published details relating to this phase.<sup>5</sup>

## Definitions

The Bank has defined the scope of loans that should be included and intends to collect loans secured on rental residential properties, where the loan assessment is made on the basis that the property will be subject to a rental agreement.

The Bank is aware that firms distinguish lending between retail business units and corporate business units differently. The phase 3 collection intends to collect enough information for the Bank to map across to the retail collection for loans with similar characteristics. The collection also includes

<sup>1</sup> For further details, see 'Proposals for a loan-level data collection for buy-to-let lending: a consultation', by Ross Meader, Bank of England *Bankstats* (Monetary & Financial Statistics), April 2016, available at: [www.bankofengland.co.uk/statistics/Documents/articles/2016/11apr.pdf](http://www.bankofengland.co.uk/statistics/Documents/articles/2016/11apr.pdf).

<sup>2</sup> For further details, see 'A loan-level data collection for buy-to-let lending', by Zeeshan Akhtar and Ross Meader, Bank of England *Bankstats* (Monetary & Financial Statistics), July 2016, available at: [www.bankofengland.co.uk/statistics/Documents/articles/2016/14jul.pdf](http://www.bankofengland.co.uk/statistics/Documents/articles/2016/14jul.pdf)

<sup>3</sup> For further details, see 'A loan-level data collection for buy-to-let lending: details of phase 2 of the collection', by Ross Meader, Bank of England *Bankstats* (Monetary & Financial Statistics), September 2016, available at: <http://www.bankofengland.co.uk/statistics/Documents/articles/2016/17sep.pdf>

<sup>4</sup> Firms typically carry out their retail and corporate business in separate areas of the firm, using distinct systems. The retail book includes lending to individuals (e.g. standard buy-to-let mortgages) and the corporate book includes lending to businesses (e.g. commercial real estate).

<sup>5</sup> This includes definitions, a data model, XML schema and technical documentation, available at: [www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx](http://www.bankofengland.co.uk/statistics/Pages/reporters/defs/default.aspx). See documents labelled 'BTL' and 'phase 3'.

additional information necessary for capturing bespoke loans more typical of corporate business unit lending in general, including those secured on a large portfolio of properties. The Bank has taken into account the existing data collections covering such loans.

### Attributes

Phase 3 covers 32 attributes, compared to 51 attributes for phases 1 and 2. There are seven attributes unique to the phase 3 collection.

Five of these have been added because some loan assessment criteria are applied to corporate book loans but not to retail book loans.<sup>6</sup> For example, corporate book loans may be assessed on the basis of a wider portfolio rather than the loan being extended, which may distort derivable calculations (such as the loan-to-value or interest cover ratio (ICR)). Therefore, the Bank seeks to collect these data in relation to the wider portfolio. Additionally, a debt service cover ratio is sometimes used instead of, or in addition to, an ICR, which will be collected in such cases.

'Non-amortising balance' will capture the residual loan value for the interest only element of these loans in the case of partially amortised repayments (for part and part mortgages).

'Recourse' will identify loans subject to a personal guarantee or where the lender has recourse to other assets, to help analyse risks arising from the lending.

A list of phase 3 attributes can be found in Appendix 1.

### Reporting thresholds

Given the extent of the differences to the retail book collection, phase 3 will be a separate data collection.

The Bank proposes that only those firms or groups of firms carrying out new lending exceeding £10mn annually across at least 5 loans will be required to report their relevant corporate book lending.<sup>7</sup> Although information currently available to the Bank

is incomplete, indicative evidence suggests that the number of corporate loans secured on rental residential properties is significantly smaller than the number of loans on standard buy-to-let products. There are also differences between the populations of firms specialising in retail and corporate lending.

These reporting firms will be identified through targeted bespoke surveys and from existing data sources available to the Bank.<sup>8</sup>

<sup>6</sup> These are Stressed Rate Assessment, Assessed portfolio Interest Cover Ratio, Assessed portfolio Debt Service Cover Ratio, Type of security assessment and Assessed portfolio loan-to-value.

<sup>7</sup> Firms or groups of firms carrying out new buy-to-let gross mortgage lending exceeding £20mn annually across at least 60 loans are required to report the retail collection.

<sup>8</sup> This includes the Mortgage Lenders and Administrators Return (MLAR), statistical returns and (PRA) Supervisory data.

## Appendix 1: List of phase 3 attributes

Attribute	Data type	Enumeration
<b>Submission attributes</b>		
Submitting Firm Reference	String	
<b>Loan attributes (to be reported for each loan)</b>		
Transaction Reference	String	
Book Type	Category	C: Corporate book
Account Open Date	Date (YYYY-MM-DD)	
Loan Type	Category	HP: Purchase of residential property for letting IR: Improvements to rental property RE: Refinancing FA: Further advance SC: Second charge O: Other use NK: Not known
Drawdown	Numeric (£)	
Extra Money Lent	Numeric (£)	
Purpose of Additional Funds	Category	E: Extra funds lent to purchase residential property for letting (to expand or re-leverage BTL portfolio) I: Extra funds lent for improvements to rental property O: Extra funds lent for other use NA: Not applicable NE: No extra money lent NK: Not known
Currency	Category	GBP: Pound sterling EUR: Euros USD: US dollar JPY: Japanese yen OTH: Other foreign currency
Lender Fee Amount	Numeric (£)	
Loan Term	Integer (months)	NA: Not applicable
Repayment Method	Category	C: Capital and interest (Fully amortising) I: Interest Only M: Part and Part (Partially amortising)
Non-amortising balance	Numeric (£)	NA: Not applicable
Initial Gross Rate	Numeric (%) - 2dp	
Interest Rate Type	Category	F: Fixed rate L: Floating rate O: Other
Stressed Rate Assessment	Category	I: Individual loan. W: Wider portfolio. B: Both individual loan and wider portfolio NU: Not used
Stressed Rate	Numeric (%) - 2dp	NU: Not used
Type of Affordability Assessment	Category	I: Interest coverage ratio (ICR) of an individual loan D: Debt service cover ratio (DSCR) of an individual loan W: ICR or DSCR of the wider portfolio P: Other income of the wider portfolio F: Other source of income/wealth C: Combination of affordability assessment types NA: Not assessed
Type of Security Assessment	Category	I: LTV solely of individual loan W: LTV solely of wider portfolio R: Recourse to other assets of borrower/guarantor C: Combination of security assessment types NA: Not assessed
<b>Portfolio attributes</b>		
Assessed Portfolio ICR	Numeric (%) - 2dp	NA: Not applicable

Assessed Portfolio DSCR	Numeric (%) - 2dp	NA: Not applicable
Assessed Portfolio LTV	Numeric (%) - 2dp	NA: Not applicable
<b>Property attributes (in the case of multiple properties to be reported for each property)</b>		
Property Reference	String	
Property Post Code	String	O: Outside the UK M: Multiple properties
New Dwelling	Category	N: New dwelling E: Existing dwelling NK: Not known NA: Not available
Property Value	Numeric (£)	
Monthly Rental Income	Numeric (£)	NA: Not applicable
Type of Dwelling	Category	X: House (all types) F: Converted flat or maisonette P: Purpose-built flat or maisonette A: Flat: type unknown U: Multi-unit freehold blocks (MUFBs) C: Part-commercial (i.e. a flat above a shop) M: Multiple properties. O: Other NK: Not known NA: Not applicable
Houses in Multiple Occupation	Category	Y: Yes N: No NK: Not known NA: Not applicable
<b>Borrower attributes (in the case of multiple borrowers to be reported for each borrower)</b>		
Borrower Reference	String	
Borrower Sector	Category	I: Individuals and individual trusts. U: Unincorporated business S: SME L: Large corporates O: Other
Recourse	Category	G: Personal guarantee R: Recourse B: Both personal guarantee and recourse N: Neither personal guarantee nor recourse