

LATEST UPDATES

We're finding that the recent Bank Base Rate increases are impacting future affordability calculations for many landlords. Before submitting an application, please ensure you check how much we may be able to lend your client by using our online calculator, which can be found on our website www.paragonbank.co.uk/intermediary/btl.

Buy-to-let mortgages



26 April 2024

Non-portfolio product guide

Perfect for:

- Landlords with up to three mortgaged buy-to-let properties
- Consumer buy-to-let customers
- Single self-contained units
- Properties in England, Wales and Scotland

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For intermediaries only

PURCHASE AND REMORTGAGE



Key criteria

- APRC calculated using an illustrative loan of £185,000
- A non-refundable application fee of £299 applies, unless otherwise stated
- All products are subject to availability of funds and withdrawal at any time
- Please refer to the Mortgage Conditions for full details
- After the fixed or discounted period, if the mortgage is interest only, it may be converted to capital and interest repayment, subject to 28 days' written notice
- All products are funded by Paragon Bank PLC
- Any fees added to the loan will be taken into account for higher LTV applications and included within the maximum loan available and LTV calculations. The total amount of loan plus any fees added must not exceed 80% LTV
- Where available, cashback amount will be released to the appointed solicitor at completion
- Applications for limited companies, limited liability partnerships, HMOs and multi-unit blocks must be submitted through the Paragon portfolio application process, even if the customer is classified as non-portfolio under PRA regulation

These products are available for single self-contained properties (SSC).

Products labeled with this icon are available for properties that have an EPC rating of A, B or C.

These products are available for properties in England, Wales and Scotland

75% LTV | Fixed rates from 5.05%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR calculation rate*	Product code
2 year fixed	5.10%	3.00%	Free valuation	3% for 2 years	8.35% Paragon SVR less 1.25%	8.40%	7.10%	BM1299
	5.05%						7.05%	ENM053
5 year fixed	5.14%	5.00%	Free valuation	2% for year 1 4% for year 2 4% for year 3 4% for year 4 3% for year 5	8.35% Paragon SVR less 1.25%	7.90%	5.14%	BM1300
	5.09%						5.09%	ENM054

*Although affordability will be calculated using this rate, please be aware that future affordability calculations may limit the maximum loan amount available.

Applications

Please note that from submission of your application, a case must reach offer stage within three months. Therefore, please make sure you send us any additional information as soon as possible. If you do not receive an offer within this timeframe, you'll be asked to select a new product which will be subject to any changes in affordability and a further review from our Underwriting team. Once an offer is issued, it will remain valid for three months.

Affordability assessment

Any fees that will be added to the loan will be included in the loan amount used in both the current and future affordability calculations. Before submitting an application, please ensure you check how much we may be able to lend your client by using our online calculator, which can be found on our website www.paragonbank.co.uk/intermediary/btl

The gross rental income from the property should equal or exceed the Interest Coverage Ratio (ICR) as determined using a combination of the tax band applicable to an applicant's income and the property type. The applicable ICR calculation rate will be shown against each product, and the tax band applicable to the applicant / LLP member with the highest income will be used. The ICR calculation is follows:

Amount of loan x ICR calculation rate x ICR tax band percentage = minimal rental income required to borrow the requested amount of loan

SSC and HMO/MUB applications

5 year fixed rate products: The ICR calculation rate will be either the product charging rate or 5.00%, whichever is the greater.

All other products: The ICR calculation rate will be either the product charging rate plus 2% or 5.50%, whichever is the greater.

Interest Coverage Ratio (ICR) tax band calculation percentages

Applicant type	Applicable ICR
Basic rate tax payer (20%)	125%
Higher rate tax payer (40%)	140%
Additional rate tax payer (45%)	140%

Future affordability assessment

To cater for the PRA affordability regulation, we will require a fully completed property schedule on all applications before we can carry out our underwriting assessment. We will also need to ask for more information about your customer's income to enable us to apply the appropriate tax band and ICR to the affordability assessment. This product guide sets out how all future applications will be assessed, and at what rate and ICR. Future affordability may limit the maximum loan amount available. Before submitting an application, please ensure you check how much we may be able to lend your client by using our online calculator, which can be found on our website www.paragonbank.co.uk/intermediary/btl

Advance

Any fees added to the loan will be taken into account for higher LTV applications and included within the maximum loan available and LTV calculations. The total amount of loan plus any fees added must not exceed 80% LTV.

Up to 80% LTV	Up to 75% LTV	Min loan	Max aggregate loan	Min income	Min age	Min term	Max term
£750,000	£1,000,000	£30,000	£1,000,000 (including any fees added to the loans) may be advanced to an applicant on a property portfolio	£25,000	21	5 years	35 years

Consumer buy-to-let

We will accept applications that qualify as consumer buy-to-let mortgage contracts, if the appropriate criteria is being met. More information concerning consumer buy-to-let can be found on our website at www.paragonbank.co.uk/personal/mortgages/buy-to-let/consumer-buy-to-let

Paragon customer placement

Applications for limited companies, limited liability partnerships, HMOs and multi-unit blocks must be submitted through the Paragon portfolio application process, even if the customer is classified as non-portfolio under PRA regulation.

Fees

The maximum loan amount available will exclude any fees that are added to the loan.

Name of charge	What is this charge for?	How much is the charge?
Application fee	A non refundable application fee on all submissions, unless otherwise stated.	£299
Re-inspection fee	If a re-inspection of the property becomes necessary at any time after the original valuation, a fee is charged and will be added to the loan unless it is paid in advance.	£100
Product fee	This fee can be added to the loan may be included in the LTV and maximum loan calculations for higher LTV loans.	See individual product details
Funds transfer fee	Charges for the telegraphic transfer of funds to the solicitor will normally be added to the loan on completion of the mortgage.	£25
Property insurance contingency fee	Where building insurance is not arranged with Paragon a fee will be charged and is normally added to the loan on completion of the mortgage.	£25

Valuation fee scale

Purchase price / remortgage estimated valuation	Valuation fee for single self-contained units (SSC)
£75,000 to £100,000	£280
£100,001 to £150,000	£300
£150,001 to £200,000	£340
£200,001 to £300,000	£395
£300,001 to £400,000	£450
£400,001 to £500,000	£490
£500,001 to £600,000	£570
£600,001 to £700,000	£650
£700,001 to £800,000	£690
£800,001 to £900,000	£750
£900,001 to £1,000,000	£815
£1,000,001 to £1,500,000	£1,000
£1,500,001 to £2,000,000	£1,250
£2,000,001 to £2,500,000	£1,500
£2,500,001 plus	Refer to lender (RTL)

The mortgage valuation report is a Security Assessment carried out for the benefit of Paragon Banking Group to determine if a property provides acceptable security for mortgage purposes. A valuation fee may be charged at application stage, where applicable, in accordance with the fee scales shown above. Where an internal inspection has been carried out and the proposed security is subsequently declined, a valuation report will not be made available although a summary will be given advising why the property is deemed to be unsuitable. In these circumstances the valuation fee, if paid, is non-refundable.

In conjunction with other criteria, we will assess the affordability of a mortgage based on the expected monthly income generated from letting the property to a tenant. The actual income generated may be different and can be influenced over time by changes within the rental market. The applicant(s) will remain responsible for meeting the costs of the mortgage and the additional costs associated with letting property for the duration of ownership. Please refer to Paragon's non-portfolio buy-to-let lending guidelines and submission requirements for full criteria.

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