



# Holiday let property

## Criteria and submission requirements

### Standard criteria

The maximum loan to value per property for purchases and remortgages is:

- Up to 70% LTV – maximum loan up to £500,000

Any fees that may be added to the loan are excluded from the LTV calculation.

## Affordability

All calculations will be based on either the current reference rate published on our website, or the product charging rate plus 2%, whichever is the greater.

The affordability will be assessed in one of two ways:

- Using the rental income that can be achieved on a monthly Assured Shorthold Tenancy for the property (AST), calculated at the standard Interest Coverage Ratio (ICR) percentages shown in the table below
- For a property the client has owned for over 2 years, and where two years holiday rental income can be evidenced by accounts, the gross annual rental income, averaged over 12 months, should be equal to or exceed the ICR of 150%. There will be a secondary calculation to ascertain that holiday rental income can also cover a minimum of 100% of the achievable monthly AST rent

To calculate the maximum loan amount head over to our online calculator.

Applicant type	AST rent used	Holiday let income used
Basic rate tax payer (20%)	125%	150%
Limited company	125%	150%
Higher rate tax payers (40%)	140%	150%
Additional rate tax payers (45%)	140%	150%

## Property

Available for single self-contained properties only, with no restrictive covenants regarding occupancy in place. The property must be capable of being let on an AST basis and have an acceptable level of rental demand.

The property must be let on an approved holiday occupancy agreement, for a maximum period not exceeding one month. During the life of the mortgage, the property may subsequently be let out on an AST basis.

## Submission requirements

- If the affordability is to be assessed using the holiday rental income, two years accounts must be provided
- Applicant income information with payslips or self-employed / limited company / limited liability partnership accounts
- Property schedule detailing all other properties owned
- Last three months rental bank statements

Please see our Portfolio and Non-portfolio lending guidelines for all other criteria. If you would like to discuss an application prior to submission, please either call your regional manager or our Customer Relationship team on 0345 849 4040.

## Talk to us today on 0345 849 4040



[btlenquiries@paragonbank.co.uk](mailto:btlenquiries@paragonbank.co.uk)



[www.paragonbank.co.uk](http://www.paragonbank.co.uk)

Paragon Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England number 05390593. Registered office 51 Homer Road, Solihull, West Midlands B91 3QJ. Paragon Bank PLC is registered on the Financial Services Register under the firm reference number 604551.