

LATEST UPDATES

We've updated our affordability calculations so that any fees that are added to the loan will now be included in the maximum loan amount. The total amount of loan plus any fees added must not exceed 80% LTV.

Buy-to-let mortgages



26 October 2021

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
- Expatriates
- Holiday let properties
- Properties in England, Wales and Scotland

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For intermediaries only

Properties in England, Wales and Scotland



Key criteria

- APRC calculated using an illustrative loan of £150,000
- 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

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



75% LTV | Fixed rates from 3.05%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
5 year fixed	3.15%	1.00%	Free valuation No application fee Minimum loan £100,000	5% for year 1 5% for year 2 4% for year 3 4% for year 4 3% for year 5	4.20% Paragon SVR less 0.75%	4.00%	4.00%	BM1248
	3.05%							ENM008
5 year fixed	3.39%	NIL	Free valuation No application fee	5% for year 1 5% for year 2 4% for year 3 4% for year 4 3% for year 5	4.20% Paragon SVR less 0.75%	4.00%	4.00%	BM1244
	3.29%							ENM001

75% LTV | Discounted SVR rate

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
12 month discount	3.95% Paragon SVR less 1.00%	NIL	Free valuation	1% for 12 months	4.95% Paragon SVR	5.00%	5.95%	BM1227

80% LTV | Fixed rates from 3.75%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
5 year fixed	3.85%	NIL	Free valuation No application fee	5% for year 1 5% for year 2 4% for year 3 4% for year 4 3% for year 5	4.20% Paragon SVR less 0.75%	4.20%	4.00%	BM2114
	3.75%							ENM003

Properties in England, Wales and Scotland



Key criteria

- APRC calculated using an illustrative loan of £150,000
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- All products are subject to availability of funds and withdrawal at any time
- After the fixed period, if the mortgage is interest only, it may be converted to capital and interest repayment, subject to 28 days' written notice
- Please refer to the Mortgage Conditions for full details
- All products are funded by Paragon Bank PLC
- 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

Expatriate products

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.

70% LTV | Fixed rates from 3.30%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
2 year fixed	3.40% ----- 3.30%	2.00%	Free valuation No application fee	3% for 2 years	4.95% Paragon SVR	5.00%	5.50%	BM1242 ----- ENM004
2 year fixed	3.99% ----- 3.89%	NIL	Free valuation No application fee	3% for 2 years	4.95% Paragon SVR	4.90%	5.99% ----- 5.89%	BM1246 ----- ENM005
5 year fixed	3.70% ----- 3.60%	2.00%	Free valuation No application fee	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.95% Paragon SVR	4.80%	5.70% ----- 5.60%	BM1243 ----- ENM006
5 year fixed	4.09% ----- 3.99%	NIL	Free valuation No application fee	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.95% Paragon SVR	4.80%	6.09% ----- 5.99%	BM1247 ----- ENM007

Advance (for expatriates only)

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

Up to 70% LTV	Up to 65% LTV	Min loan	Max aggregate loan	Min income	Min age	Min term	Max term
£750,000	£1,000,000	£30,000	£1,000,000	N/A	21	5 years	25 years

Applicants

- All applicants must have a current UK passport and have held a UK bank account for a minimum of three years

Property

- The services of a managing agent must be engaged to oversee the property, and details of the agent must be provided prior to completion of the loan
- For purchase applications, proof of the source of deposit will be required in all instances



Properties in England, Wales and Scotland



Key criteria

- APRC calculated using an illustrative loan of £150,000
- A non-refundable application fee of £299 applies, unless otherwise stated
- All products are subject to availability of funds and withdrawal at any time
- After the fixed period, if the mortgage is interest only, it may be converted to capital and interest repayment, subject to 28 days' written notice
- Please refer to the Mortgage Conditions for full details
- All products are funded by Paragon Bank PLC
- 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

Holiday let products

Available for single self-contained properties (SSC).

70% LTV | Fixed rates from 4.20%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
2 year fixed	4.20%	£1,250	Free valuation Maximum loan £500,000	3% for 2 years	4.95% Paragon SVR	5.00%	6.20%	BM1236
2 year fixed	4.40%	NIL	Free valuation Maximum loan £500,000	3% for 2 years	4.95% Paragon SVR	5.00%	6.40%	BM1237

Advance (for holiday lets only)

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

Up to 70% LTV	Min loan	Max aggregate loan	Min income	Min age	Min term	Max term
£500,000	£30,000	£1,000,000	£25,000	21	5 years	25 years

Property

- The property must be let on an approved holiday occupancy agreement, for a maximum period not exceeding one month
- The property must be capable of being let on an AST basis, and have an acceptable level of rental demand

Affordability assessment

Any fees that will be added to the loan will be included in the loan amount used in the affordability calculations.

Standard SSC properties

The gross rental income from the property should equal or exceed the ICR as determined using a combination of the tax band applicable to an applicant's income and the property type. The tax band applicable to the applicant with the highest income will be used. The calculation will be based on the amount requested, at either the product charging rate plus 2% or 5.5%, whichever is the greater. The exception to this rule will be 5 year fixed rate products, which will be calculated using the amount requested, at either the product charging rate or 4.00%, whichever is the greater. The applicable ICR rate will be shown against each product.

Expatriate applications

The gross rental income from the property should equal or exceed the ICR based on the ICR percentages below. The calculation will be based on the amount requested at either the current reference rate of 5.5%, or the product charging rate plus 2%, whichever is the greater.

Holiday let properties

All calculations will be based on either the current reference rate of 5.5%, or the product charging rate plus 2%, whichever is the greater.

The affordability of the application will be assessed in one of two ways:

- Using the rental income that can be achieved on a monthly Assured Shorthold Tenancy (AST) for the property, calculated at the standard Interest Cover Ratio (ICR) percentages shown in the table below
- 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

Applicant type	Applicable ICR	Holiday lets (AST rent used)	Holiday lets (Holiday let income used)
Basic rate tax payer (20%)	125%	125%	150%
Higher rate tax payer (40%)	140%	140%	150%
Additional rate tax payer (45%)	140%	140%	150%
Expatriates	140%	N/A	N/A

We must be satisfied that the applicant(s) are able to withstand increases in mortgage interest rates, cover rental voids and be able to afford the mortgage now and after any fixed period expires.

Future affordability

To cater for the PRA affordability regulation, we will require a property schedule to be completed as part of the online application in every case (a PDF version of the property schedule is available on our website). 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.

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	25 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. Applications can be accepted from expatriate consumer buy-to-let applicants. However, where the property is not currently let, the applicants must be able to demonstrate surplus credit to cover a minimum of three months mortgage payments, in the UK bank account from which the mortgage payments will be collected. 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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BTL0003-008 (10/2021)

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