

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



22 November 2021

Portfolio product guide

Perfect for:

- Landlords with four or more mortgaged buy-to-let properties
- Limited companies and limited liability partnerships
- Houses in multiple occupation and multi-unit blocks (excludes expats)
- Expatriates
- Holiday let properties
- Properties in England, Wales and Scotland

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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), houses in multiple occupation (HMOs) and multi-unit blocks (MUB).



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

70% LTV | Fixed rates from 2.95%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
2 year fixed	3.05%	1.00%	Free valuation £350 cashback Minimum loan £100,000	3% for 2 years	4.20% Paragon SVR less 0.75%	4.20%	5.50%	2BM240
	2.95%							EPM022
2 year fixed	3.49%	NIL	Free valuation £350 cashback	3% for 2 years	4.20% Paragon SVR less 0.75%	4.20%	5.50%	2BM239
	3.39%							EPM021
5 year fixed	3.20%	2.00%	Free valuation £750 cashback 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%	4.10%	4.00%	2BM227
	3.10%							EPM008
5 year fixed	3.65%	NIL	Free valuation £750 cashback	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%	4.10%	4.00%	2BM226
	3.55%							EPM007



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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
2 year fixed	3.15% ----- 3.05%	1.00%	Free valuation £350 cashback Minimum loan £100,000	3% for 2 years	4.20% Paragon SVR less 0.75%	4.20%	5.50%	2BM242 ----- EPM024
2 year fixed	3.59% ----- 3.49%	NIL	Free valuation £350 cashback	3% for 2 years	4.20% Paragon SVR less 0.75%	4.20%	5.50%	2BM241 ----- EPM023
5 year fixed	3.15% ----- 3.05%	£1,995	Free valuation No application fee £750 cashback Maximum loan £500,000	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%	2BM245 ----- EPM025
5 year fixed	3.15% ----- 3.05%	£10,000	Free valuation No application fee £750 cashback	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%	4.40%	4.00%	2BM233 ----- EPM015
5 year fixed	3.20% ----- 3.10%	£5,000	Free valuation No application fee £750 cashback	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% ----- 4.10%	4.00%	2BM221 ----- EPM014
5 year fixed	3.30% ----- 3.20%	2.00%	Free valuation £750 cashback 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%	4.10%	4.00%	2BM231 ----- EPM012
5 year fixed	3.75% ----- 3.65%	NIL	Free valuation £750 cashback	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%	4.10%	4.00%	2BM230 ----- EPM011



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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%	2BM157

80% LTV | Fixed rates from 3.85%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
5 year fixed	3.95%	NIL	Free valuation £350 cashback	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%	2BM246
	3.85%							EPM026



Key criteria

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- Please refer to the Mortgage Conditions for full details
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Expatriate products

Available for single self-contained properties (SSC) only.



70% LTV | Fixed rates from 3.35%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
2 year fixed	3.45%	2.00%	Free valuation No application fee	3% for 2 years	4.95% Paragon SVR	5.00%	5.50%	2BM222
	3.35%							EPM017
2 year fixed	4.05%	NIL	Free valuation No application fee	3% for 2 years	4.95% Paragon SVR	4.90%	6.05%	2BM235
	3.95%						5.95%	EPM018
5 year fixed	3.75%	2.00%	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	4.95% Paragon SVR	4.80%	5.75%	2BM223
	3.65%						5.65%	EPM019
5 year fixed	4.15%	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	4.95% Paragon SVR	4.80%	6.15%	2BM236
	4.05%						6.05%	EPM020

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	£5,000,000	N/A	21	5 years	25 years

Applicants

- Applications will be considered from limited companies / limited liability partnerships (LLPs) registered and trading in England, Wales or Scotland, and whose directors /members are expatriates.
- All applicants must have a current UK passport and have held a UK bank account for a minimum of three years.
- We cannot accept applications that qualify as Consumer buy-to-let from expatriate applicants.

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.



Key criteria

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- A non-refundable application fee of £299 applies, unless otherwise stated
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- 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) only.

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%	2BM206
2 year fixed	4.40%	NIL	Free valuation Maximum loan £500,000	3% for 2 years	4.95% Paragon SVR	5.00%	6.40%	2BM207

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	£5,000,000	£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 and HMO/MUB 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. This will be calculated using 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. For limited liability partnerships, the tax band appropriate to the applicant (member) with the highest income will be used.

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	Single self contained properties	HMO's, multi-unit and all other property types	Holiday lets (AST rent used)	Holiday lets (Holiday let income used)
Basic rate tax payer (20%)	125%	130%	125%	150%
Limited company	125%	130%	125%	150%
Higher rate tax payer (40%)	140%	145%	140%	150%
Additional rate tax payer (45%)	140%	145%	140%	150%
Expatriates and LLPs with expatriate members	140%	N/A	N/A	N/A
Limited companies with expatriate directors	130%	N/A	N/A	N/A

Future affordability

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. Depending on the profile of the case, we may also ask for a business plan and cash flow forecast (PDF versions of these documents can be found 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	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	£1,500,000	£4,000,000	£30,000	£10,000,000 (including any fees added to the loans) may be advanced to an applicant on a property portfolio	£25,000	21	5 years	25 years

A maximum aggregate borrowing above £10,000,000 (including any fees added to the loans) may be considered on a bespoke basis.

Consumer buy-to-let

We will not consider portfolio applications that qualify as consumer buy-to-let mortgage contracts.

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

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.

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 and 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 scales


Purchase price / remortgage estimated valuation	Valuation fee for single self-contained units (SSC)	Valuation fee for HMOs and multi-unit blocks
£75,000 to £100,000	£280	£500
£100,001 to £150,000	£300	£520
£150,001 to £200,000	£340	£560
£200,001 to £300,000	£395	£615
£300,001 to £400,000	£450	£670
£400,001 to £500,000	£490	£710
£500,001 to £600,000	£570	£790
£600,001 to £700,000	£650	£870
£700,001 to £800,000	£690	£910
£800,001 to £900,000	£750	£970
£900,001 to £1,000,000	£815	£1,035
£1,000,001 to £1,500,000	£1,000	£1,220
£1,500,001 to £2,000,000	£1,250	£1,470
£2,000,001 to £2,500,000	£1,500	£1,720
£2,500,001 plus	Refer to lender (RTL)	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 Portfolio lending guidelines and submission requirements for full criteria.

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