

Buy-to-let mortgages



5 December 2018

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 and holiday lets)
- 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 £150 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
- Where available cashback amount will be released to the appointed solicitor at completion
- Where our 5 year fixed rate products revert to Paragon SVR (currently 5.60%) less 0.75% = 4.85%, a minimum floor rate of 3.00% applies after the fixed rate period
- 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

Single self-contained units (SSC)

Fixed rates from 2.99%

LTV	Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
75%	2 year fixed	2.99%	1.00%	-	3% for 2 years	5.60% Paragon SVR	5.50%	5.50%	2BM025
	2 year fixed LIMITED EDITION	3.40%	NIL	Free mortgage valuation £250 cashback	3% for 2 years	5.60% Paragon SVR	5.40%	5.50%	2BM045
	5 year fixed LIMITED EDITION	3.40%	2.00%	Free mortgage valuation £400 cashback	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.50%	4.00%	2BM069
	5 year fixed	3.65%	0.50%	-	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.60%	4.00%	2BM053
	5 year fixed LIMITED EDITION	3.74%	0.50%	Free mortgage valuation £500 cashback	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.60%	4.00%	2BM059
	5 year fixed LIMITED EDITION	3.76%	NIL	No application fee Free mortgage valuation £400 cashback Remortgage only	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.60%	4.00%	2BM065
80%	2 year fixed	3.49%	0.50%	-	3% for 2 years	5.60% Paragon SVR	5.50%	5.50%	2BM038
	5 year fixed	3.70%	1.00%	-	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.70%	4.00%	2BM055
	5 year fixed	3.90%	0.75%	£500,000 Maximum Loan Free mortgage valuation £400 cashback	5% for years 1 & 2 4% for years 3 & 4 3% year 5	4.85% Paragon SVR less 0.75%	4.70%	4.00%	2BM 078

*Where our 5 year fixed rate products revert to Paragon SVR (currently 5.60%) less 0.75% = 4.85%, a minimum floor rate of 3.00% applies after the fixed rate period.





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HMOs / Multi-unit blocks (MUB)

Fixed rates from 3.20%

LTV	Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
75%	2 year fixed	3.20%	1.00%	-	3% for 2 years	5.60% Paragon SVR	5.50%	5.50%	2BM027
	2 year fixed LIMITED EDITION	3.60%	NIL	Free mortgage valuation £250 cashback	3% for 2 years	5.60% Paragon SVR	5.50%	5.60%	2BM046
	5 year fixed LIMITED EDITION	3.50%	2.00%	Free mortgage valuation £400 cashback	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.50%	4.00%	2BM070
	5 year fixed	3.75%	0.50%	-	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.70%	4.00%	2BM056
	5 year fixed LIMITED EDITION	3.84%	0.50%	Free mortgage valuation £500 cashback	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.70%	4.00%	2BM060
	5 year fixed LIMITED EDITION	3.86%	NIL	No application fee Free mortgage valuation £400 cashback Remortgage only	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.85%* Paragon SVR less 0.75%	4.60%	4.00%	2BM066
80%	2 year fixed	3.99%	0.25%	£500,000 Maximum Loan Free mortgage valuation £250 cashback	3% for 2 years	5.60% Paragon SVR	5.50%	5.99%	2BM077
	5 year fixed	3.99%	0.75%	£500,000 Maximum Loan Free mortgage valuation £400 cashback	5% for years 1 & 2 4% for years 3 & 4 3% year 5	4.85% Paragon SVR less 0.75%	4.70%	4.00%	2BM079

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Expatriate products (SSC only)

Fixed rates from 3.95%

LTV	Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
70%	2 year fixed	3.95%	2.00%	-	3% for 2 years	5.60% Paragon SVR	5.70%	5.95%	2BM072
	2 year fixed	4.95%	NIL	-	3% for 2 years	5.60% Paragon SVR	5.70%	6.95%	2BM073
	5 year fixed	4.25%	2.00%	-	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	5.60% Paragon SVR	5.50%	6.25%	2BM074
	5 year fixed	4.99%	NIL	-	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	5.60% Paragon SVR	5.60%	6.99%	2BM075

Advance (for expatriates only)

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.



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Holiday let products (SSC only)

Fixed rate at 4.58%

LTV	Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR rate	Product code
70%	2 year fixed	4.58%	1.00%	Max loan £500,000	3% for 2 years	5.60% Paragon SVR	5.70%	6.58%	2BM076

Advance (for holiday lets only)

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

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

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
£500,000	£750,000	£1,000,000	£2,000,000	£30,000	£5,000,000 may be advanced to an applicant on a property portfolio	£25,000	21	5 years	25 years

A maximum aggregate borrowing above £5,000,000 may be considered on a bespoke basis, subject to a maximum aggregate LTV of 70%.

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

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.	£150
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 but is excluded from LTV calculation.	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

Combined application fee and valuation fee.

Purchase price / remortgage estimated valuation	Combined application fee and valuation fee
£75,000 to £100,000	£430
£100,001 to £150,000	£450
£150,001 to £200,000	£490
£200,001 to £300,000	£545
£300,001 to £400,000	£600
£400,001 to £500,000	£640
£500,001 to £600,000	£720
£600,001 to £700,000	£800

Purchase price / remortgage estimated valuation	Combined application fee and valuation fee
£700,001 to £800,000	£840
£800,001 to £900,000	£900
£900,001 to £1,000,000	£965
£1,000,001 to £1,500,000	£1,150
£1,500,001 to £2,000,000	£1,400
£2,000,001 to £2,500,000	£1,650
£2,500,001 plus	Refer to lender (RTL)

The above table includes a non refundable application fee of £150.

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 will be charged at application stage in accordance with the fee scale 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 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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