

Buy-to-let mortgages



28 August 2019

Portfolio further advance product guide

Perfect for landlords looking for additional funding who:

- Have four or more mortgaged buy-to-let properties
- Are limited companies and limited liability partnerships
- Have houses in multiple occupation and multi-unit blocks
- Have properties in England and Wales

☎ 0345 849 4040

✉ btlenquiries@paragonbank.co.uk

🌐 www.paragonbank.co.uk



Key criteria

- APRC calculated using an illustrative loan of £150,000
- 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 and will be registered by way of second charge against the property
- 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 3.35%

| LTV | Product type and term | Initial rate | Product fee | Product criteria | Early redemption charge (ERC) | Reversion rate | APRC | ICR rate |
|-----|-----------------------|--------------|-------------|--------------------|---|-----------------------------------|-------|----------|
| 75% | 2 year fixed | 3.35% | 0.25% | No application fee | 3% for 2 years | 5.60% Paragon SVR | 5.50% | 5.50% |
| | 5 year fixed | 3.70% | 0.25% | No application fee | 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% |
| 80% | 2 year fixed | 3.55% | 0.50% | No application fee | 3% for 2 years | 5.60% Paragon SVR | 5.50% | 5.55% |
| | 5 year fixed | 3.85% | 0.50% | No application fee | 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% |

HMOs / Multi-unit blocks (MUB)

Fixed rates from 3.50%

| LTV | Product type and term | Initial rate | Product fee | Product criteria | Early redemption charge (ERC) | Reversion rate | APRC | ICR rate |
|-----|-----------------------|--------------|-------------|--------------------|---|-----------------------------------|-------|----------|
| 75% | 2 year fixed | 3.50% | 0.25% | No application fee | 3% for 2 years | 5.60% Paragon SVR | 5.50% | 5.50% |
| | 5 year fixed | 3.75% | 0.25% | No application fee | 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% |
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General Information

Interest coverage ratio (ICR)

An interest coverage ratio (ICR) refers to the amount required to be received in rental income compared to the agreed monthly repayment amount for the mortgage. 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.

| | | Property type | |
|------------|---------------------------------|----------------------------------|---|
| | | Single self-contained unit (SSC) | House in multiple occupation (HMO), Multi-unit block (MUB) and all other property types |
| TAX STATUS | Limited company | 125% | 130% |
| | Basic rate tax payer (20%) | 125% | 130% |
| | Higher rate tax payer (40%) | 140% | 145% |
| | Additional rate tax payer (45%) | 140% | 145% |

For limited liability partnerships, the tax band appropriate to the applicant (member) with the highest income will be used.

As we need to assess the affordability for the property based on the total loans advanced, each existing loan balance will also be subject to an ICR calculation based on the product charging rate for that loan plus 2% or 5.5%, whichever is the greater. The exception to this rule is i) the calculation on the new further advance where a 5 year fixed rate product is chosen; or ii) where an existing loan is subject to the completion of a simultaneous product switch and further advance, both on 5 year fixed rate products. In these circumstances alone, the product charging rate or 4% will apply, whichever is the greater. Where an existing loan has less than 12 months remaining on an incentivised product, the calculation will be based on the reversion rate plus 2% or 5.5%, whichever is the greater.

Future affordability

To cater for the PRA affordability regulation, we will require a property schedule to be completed as part of the further advance application in every case, and where applicable, we may need to see an updated business plan and cash flow forecast. We will also need to ask for more information about your income to enable us to apply the appropriate tax band and ICR to the affordability assessment.

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 or tracker period expires.

If you would like us to talk through the calculation that applies to your application, please call us on 0345 849 4040.

Maximum advance and key features

| 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 | £5,000 | £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%.

- Further advances are generally available to borrowers where the existing loans have been successfully maintained for a minimum period of six months
- A valuation of the property will be required, and the appropriate fee will apply
- Any further advance plus current balance outstanding will be assessed in light of current criteria
- Paragon reserves the right not to process a further advance, at its sole discretion

Loan purpose

Capital raising will be considered for all purposes concerned with the owning and renting of residential investment property.

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? |
|-------------------|---|--------------------------------|
| 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 |
| Valuation fee | Please refer to the valuation fee scale below. | Variable |
| Application fee | For a limited period of time we are offering a free application fee. | £150 |

Valuation fee scale

| 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 the 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.

✓ How to apply

Applications for accounts with up to two customers can be made online through our portal at www.paragonbank.co.uk/paragonbuytolet

For applications with more than two customers, please complete a further advance application form and send this to us. If you wish to apply for a further advance on more than one property, you can either make individual applications online or complete a single further advance application form, including all properties, and send this to us. Please send all paper applications to Paragon, 51 Homer Road, Solihull, West Midlands B91 3QJ.

All products are subject to criteria and withdrawal at any time. Please refer to Paragon's buy-to-let further advance lending guidelines and submission requirements for full criteria.

PARAGON 51 HOMER ROAD, SOLIHULL, WEST MIDLANDS B91 3QJ

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