



**PARAGON MORTGAGES PRESS RELEASE
4 FEBRUARY 2016**

VOLUME OF LET-TO-BUY MORTGAGES UP AS MCD DEADLINE APPROACHES

- Let-to-buy accounted for one in eight mortgages in Q4 2015
- Let-to-buy represents more than 30% of business for one in ten advisors
- Limited change expected when Mortgage Credit Directive implemented in March

As lenders prepare for the implementation of the Mortgage Credit Directive (MCD) in March, Paragon Mortgages' latest Financial Advisors Confidence Tracking (FACT) report reveals that in Q4 2015 nearly one in eight of mortgage cases dealt with by brokers related to let-to-buy.

As a result of the regulatory developments driven by MCD many let-to-buy mortgages will be regulated because they are captured under the regulatory definition for Consumer Buy-to-Let. This will include loans where a customer has no other rental properties, and is looking to remortgage a property they have previously lived in – commonly known as 'let-to-buy'.

The latest FACT data – which has been tracking sentiment among financial advisors for 20 years – found that, in Q4 2015, 12% of mortgage cases were let-to-buy. This figure is up from 10.6% in Q3 2015.

The latest data also reveals that, while for a majority of mortgage advisors, let-to-buy accounts for less than 5% of business, for a substantial minority (10%) let-to-buy accounted for more than 30% of business in Q4 2015.

Despite this trend however, 60% of respondents thought the implementation of the MCD in March would have no impact on levels of let-to-buy business, while a quarter thought it would lead to less, as compared to 11% who said it would lead to more.

John Heron, Director of Mortgages, said: “Despite financial advisors expressing some scepticism about what impact the MCD will have on let-to-buy business volumes, we have seen a clear uptick in the volume of let-to-buy mortgages being written in Q4 2015.

“Paragon have been working hard to ensure we are prepared for this change, so that we can continue to offer a comprehensive range of mortgage solutions for buy-to-let landlords.”

Volume of business which is consumer buy-to-let

	Sep 2015	Dec 2015
Up to 5%	38%	43%
6 – 10%	36%	28%
11 – 20%	12%	18%
21 – 30%	5%	2%
31 – 50%	6%	5%
50% +	2%	5%

Expected impact of MCD on volume of let-to-buy business

	Sep 2015	Dec 2015
Much more business	1%	3%
A little more business	11%	8%
No change	70%	60%
A little less business	15%	23%
Much less business	2%	4%

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NOTES TO EDITORS

Paragon Mortgages is a leading provider of buy-to-let mortgages delivering lending solutions designed for professional landlords with more complex requirements. These include lending to limited companies as well as private individuals, lending on more complex property including HMO's and multi-unit blocks, higher aggregate lending limits and the ability to accommodate more complex letting arrangements including local authority leases and corporate leases along with standard ASTs.

Paragon Mortgages introduced its first product aimed at the professional property investor in 1995 and is a member of the Council of Mortgage Lenders (CML), the Intermediary Mortgage Lenders

Association (IMLA), National Landlords Association (NLA) and the Association of Residential Letting Agents (ARLA).

Paragon Mortgages is part of The Paragon Group of Companies, a FTSE 250 company and a specialist provider of finance.

In February 2014 Paragon Group launched its banking subsidiary, Paragon Bank PLC. It is a retail-funded lending bank with a direct-to-consumer Internet platform for savings. Its loan products are distributed via intermediaries. The Bank is authorised and regulated by the Prudential Regulation Authority and the Financial Conduct Authority.