

BUY-TO-LET

Buy-to-let product guide

Interest rates and fees

With effect from 17 July, we've made the required changes to Paragon's internal systems and processes, aligning with new PRA mortgage regulation for portfolio and non-portfolio classifications. There won't be a huge change in the way we treat applications, but you may find that a customer previously catered for by Mortgage Trust will now go to Paragon Mortgages.

We've created a simple customer placement flow to help you determine the correct route for your customer, and this can be found on both the product and literature sections on our website.

Product highlights

PAGE 3

3.65% 5 YEAR FIXED

0.50% fee - 75% LTV

Single self contained unit for individuals and limited companies



PAGE 5

3.75% 5 YEAR FIXED

0.50% fee - 75% LTV

HMO / MUB for individuals and limited companies



FOR INTERMEDIARY USE ONLY

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 www.paragon-mortgages.co.uk

Applies to all products

APR calculated using an illustrative loan of £150,000.

A non refundable application fee of £150 applies.

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.

Interest coverage ratio (ICR)

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.

		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%

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've made some changes to our mortgage application system. We've kept the changes to a minimum, but we will now require a fully completed property schedule, business plan and cash flow forecast on all applications before we can carry out our underwriting assessment (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 75% LTV	Up to 70% LTV	Up to 65% LTV	Minimum loan	Maximum aggregate loan	Minimum age	Minimum term	Maximum term
£500,000	£1,000,000	£2,000,000	£30,000	£5,000,000 may be advanced to an applicant on a property portfolio	21	5 years	25 years

Consumer buy-to-let

We will not consider applications that qualify as consumer buy-to-let mortgage contracts. Consumer buy-to-let applications are available through Mortgage Trust at www.mortgagetrust.co.uk.

Single self contained unit

Fixed rates

2 YEAR FIXED RATES (65% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM019	SSC	3.20%	£995	3% for 2 years	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC Max loan £500,000	5.50%

2 YEAR FIXED RATES (75% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM021	SSC	3.30%	1.00%	3% for 2 years	5.10%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	5.50%
2BM022	SSC	3.40%	£1495	3% for 2 years	5.10%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC Max loan £500,000	5.50%

5 YEAR FIXED RATES (75% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM012	SSC	3.75%	1.50%	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.90%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%
2BM013	SSC	3.90%	£1999	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC Max loan £500,000	4.00%

5 YEAR FIXED RATES (75% LTV)



Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM017	SSC	3.65%	0.50%	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.80%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%

Please refer to Paragon Mortgages' Lending guidelines and submission requirements for full criteria.

Single self contained unit

Stepped rates

⬇ 5 YEAR FIXED RATES (75% LTV)

Code	Property Type	Stepped Rates	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM016	SSC	3.00% for year 1 3.25% for year 2 3.50% for year 3 3.75% for year 4 4.00% for year 5	2.00%	5% for years 1 and 2 4% for years 3 and 4 3% for years 5	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%

Please refer to Paragon Mortgages' Lending guidelines and submission requirements for full criteria.

HMO / MUB

Fixed rates

 2 YEAR FIXED RATE (65% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM020	HMO / MUB	3.40%	1.50%	3% for 2 years	5.10%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	5.50%

 2 YEAR FIXED RATE (75% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM023	HMO / MUB	3.50%	1.00%	3% for 2 years	5.10%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	5.50%
2BM024	HMO / MUB	3.60%	£1495	3% for 2 years	5.10%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC Max loan £500,000	5.60%

 5 YEAR FIXED RATES (75% LTV)

Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM014	HMO / MUB	3.85%	1.50%	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%
2BM015	HMO / MUB	3.95%	£1999	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC Max loan £500,000	4.00%

 5 YEAR FIXED RATES (75% LTV)


Code	Property Type	Initial Rate	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM018	HMO / MUB	3.75%	0.50%	5% for years 1 and 2 4% for years 3 and 4 3% for year 5	4.90%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%

Please refer to Paragon Mortgages' Lending guidelines and submission requirements for full criteria.

HMO / MUB

Stepped rates

 5 YEAR FIXED RATES (75% LTV)

Code	Property Type	Stepped Rates	Product Fee	Early Repayment Charge	APR	Reversion Rate	Product Specific Criteria	ICR Rate
2BM016	HMO / MUB	3.00% for year 1 3.25% for year 2 3.50% for year 3 3.75% for year 4 4.00% for year 5	2.00%	5% for years 1 and 2 4% for years 3 and 4 3% for years 5	5.00%	Paragon Bank SVR (currently 5.10%)	Funded by Paragon Bank PLC	4.00%

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Fees

Application fee	Re-inspection fee	Product fee
A non refundable application fee on all submissions.	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.	This fee can be added to the loan but is excluded from LTV calculation.
⇒ £150	⇒ £100	⇒ See individual product details
Funds transfer fee	Property insurance contingency fee	Revised documents fee
Charges for the telegraphic transfer of funds to the solicitor will normally be added to the loan on completion of the mortgage.	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.	This fee is payable where revision of an offer of loan is required. This fee will be added to the loan unless it is paid in advance.
⇒ £25	⇒ £25	⇒ £50

Valuation fee scale

Purchase price / remortgage estimated valuation	Combined application fee and valuation fee	Purchase price / remortgage estimated valuation	Combined application fee and valuation fee
£75,000 to £100,000	£430	£700,001 to £800,000	£840
£100,001 to £150,000	£450	£800,001 to £900,000	£900
£150,001 to £200,000	£490	£900,001 to £1,000,000	£965
£200,001 to £300,000	£545	£1,000,001 to £1,500,000	£1,150
£300,001 to £400,000	£600	£1,500,001 to £2,000,000	£1,400
£400,001 to £500,000	£640	£2,000,001 to £2,500,000	£1,650
£500,001 to £600,000	£720	£2,500,001 plus	Refer to lender
£600,001 to £700,000	£800		

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 the Paragon 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 Mortgages' Lending guidelines and submission requirements for full criteria.

Paragon Mortgages is a trading style of Paragon Mortgages (2010) Limited (Registered in England No: 6595834) and Paragon Bank PLC (Registered in England No: 05390593). Paragon Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Paragon Bank PLC is registered on the Financial Services Register under the Firm Reference No: 604551. Registered office: 51 Homer Road, Solihull, West Midlands B91 3QJ.

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