

## LATEST UPDATE

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



24 April 2024

## Non-portfolio further advance product guide

Perfect for landlords looking for additional funding who:

- Have up to three mortgaged buy-to-let properties
- Are consumer buy-to-let customers
- Have single self-contained units
- Have properties in England and Wales

 0345 849 4040

 [btlenquiries@paragonbank.co.uk](mailto:btlenquiries@paragonbank.co.uk)

 [www.paragonbank.co.uk](http://www.paragonbank.co.uk)

Paragon Standard Variable Rate (SVR) **9.60%**  
 Paragon reference rate **5.50%**  
 Paragon five year fixed reference rate **5.00%**



## Key criteria

- APRC calculated using an illustrative loan of £185,000
- A non-refundable application fee of £299 applies, unless otherwise stated
- All products are subject to availability of funds and withdrawal at any time
- 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
- 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
- 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
- Please refer to the Mortgage Conditions for full details

All products are available for single self-contained properties (SSC).

## 75% LTV | Fixed rate at 6.50%

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR calculation rate*
5 year fixed	6.50%	NIL	No application fee Free valuation	5% for year 1 5% for year 2 4% for year 3 4% for year 4 3% for year 5	8.35% Paragon SVR less 1.25%	7.90%	6.50%

## 75% LTV | Discounted SVR rate

Product type and term	Initial rate	Product fee	Product criteria	Early redemption charge (ERC)	Reversion rate	APRC	ICR calculation rate*
2 year discounted variable	7.35% Paragon SVR less 2.25%	NIL	No application fee Free valuation	3% for 2 years	8.35% Paragon SVR less 1.25%	8.50%	9.35%

\*Although affordability will be calculated using this rate, please be aware that future affordability calculations may limit the maximum loan amount available.



Since 8 December 2022 all our new discounted products have benefited from our Track to Fix feature. This means that at any time during the discounted product term, a landlord can apply to switch to any of our product switch fixed rates available at that time, without incurring an early repayment charge.

**Affordability assessment**

Any fees that will be added to the loan will be included in the loan amount used in both the current and future affordability calculations.

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 Interest Coverage Rate (ICR) calculation based on the product charging rate for that loan plus 2% or 5.50%, 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 5.00% 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 7%, whichever is the greater. All applications will be subject to both current and future affordability calculations, which may limit the maximum loan available.

**Track to Fix**

Since 8 December 2022 all our new discounted products have benefited from our Track to Fix feature. This means that at any time during the discounted product term, a landlord can apply to switch to any of our product switch fixed rates available at that time, without incurring an early repayment charge. All product switches will be subject to any eligibility requirements being met at the time of application.

**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)	
TAX STATUS	Basic rate tax payer (20%)	125%	
	Higher rate tax payer (40%)	140%	
	Additional rate tax payer (45%)	140%	

**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. All applications will be subject to both current and future affordability calculations, which may limit the maximum loan available.

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**

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	Min loan	Max aggregate loan	Min income	Min age	Min term	Max term
£750,000	£1,000,000	£5,000	£1,000,000 (including fees added to the loan) may be advanced to an applicant on a property portfolio	£25,000	21	5 years	35 years

- 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

The maximum loan amount available will exclude any fees that are added to the loan.

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 and may be included in the LTV and maximum loan calculations for higher LTV loans.	See individual product details
Valuation fee	Please refer to the valuation fee scale below.	Variable
Application fee	A non-refundable application fee of £299 applies, unless otherwise stated	£299

### Valuation fee scale

Purchase price / remortgage estimated valuation	Valuation fee
£75,000 to £100,000	£280
£100,001 to £150,000	£300
£150,001 to £200,000	£340
£200,001 to £300,000	£395
£300,001 to £400,000	£450
£400,001 to £500,000	£490
£500,001 to £600,000	£570
£600,001 to £700,000	£650

Purchase price / remortgage estimated valuation	Valuation fee
£700,001 to £800,000	£690
£800,001 to £900,000	£750
£900,001 to £1,000,000	£815
£1,000,001 to £1,500,000	£1,000
£1,500,001 to £2,000,000	£1,250
£2,000,001 to £2,500,000	£1,500
£2,500,001 plus	Refer to lender

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](http://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**

BTL0005-043 (04/2024)

☎ 0345 849 4040

✉ [btlenquiries@paragonbank.co.uk](mailto:btlenquiries@paragonbank.co.uk)

🌐 [www.paragonbank.co.uk](http://www.paragonbank.co.uk)

Paragon Bank PLC is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Registered in England number 05390593. Registered office 51 Homer Road, Solihull, West Midlands B91 3QJ. Paragon Bank PLC is registered on the Financial Services Register under the firm reference number 604551.