PARAGON MORTGAGES PRESS RELEASE
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INTERMEDIARIES HIGHLIGHT IMPACT OF MMR IN THIRD QUARTER

- MMR reforms are making it more difficult for certain customers to get a mortgage in Q3
- 3% reduction in average number of mortgages introduced by intermediaries since Q2
- Buy-to-let accounted for 24% of all intermediary mortgages

The latest intermediary research from buy-to-let mortgage lender Paragon Mortgages shows that intermediaries thought it was more difficult for certain customer groups to get a mortgage in Q3.

The specialist lender's quarterly Financial Advisers Confidence Tracking (FACT) survey, which highlights intermediaries' views on the performance of the mortgage market, revealed three customer groups that intermediaries believe have been particularly adversely impacted by the changes which have taken place in the market following the implementation of the Mortgage Market Review (MMR). These groups were: people borrowing into retirement; people wanting interest only mortgages; and people with irregular incomes - with more than 90% of the 186 respondents (in each case) stating this.

During Q3 the average number of mortgages introduced by intermediaries was 22, which was down 3% on the second quarter. Nevertheless, compared with Q3 2013, this shows a 12% increase in the average number of mortgages introduced. This, however, was significantly lower than the 30% year-on-year increase seen in Q2.

Intermediaries appeared more positive about the buy-to-let market in Q3, with nearly a quarter (24%) of all mortgages introduced being buy-to-let mortgages, showing a modest increase from 23% in Q2.

In particular, 43% of intermediaries surveyed thought the availability of buy-to-let finance had improved since Q2, showing a significant increase (7%) over the period from 36%. In addition, only 8% of intermediaries stated the availability of buy-to-let finance had deteriorated, compared with 12% in the previous quarter.

John Heron, Managing Director of Paragon Mortgages, said: “The market has seen significant structural changes following the Mortgage Market Review. This is a result of both the regulations themselves and the way the lending industry has responded to them.

“This could be one factor behind the softer levels of business that intermediaries are reporting in the third quarter.

“CML data shows us that buy-to-let lending was up 14% in Q3 compared with Q2, and up 24% on Q3 2013, which could suggest that the buy-to-let market is proportionally more important for lenders in the current market.

“A healthy availability of buy-to-let finance is significant to maintaining a competitive and high quality Private Rented Sector, so it is pleasing to see increased confidence amongst intermediaries, for this type of business.”

To download a copy of Paragon Mortgages FACT Report Q3 2014, click here.

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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.