



**PARAGON MORTGAGES PRESS RELEASE
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PARAGON IMPLEMENTS PRA PHASE 2 CHANGES

- Paragon implements PRA Phase 2 changes for portfolio landlords on Monday 17 July
- Applications from portfolio landlords, limited companies and for more complex property types to be routed via Paragon Mortgages
- Applications from individual landlords with three or fewer single, self-contained properties to be routed via Mortgage Trust
- Minimal change for intermediaries introducing new business

Paragon will implement the PRA Phase 2 changes, which require more thorough underwriting standards for portfolio landlords with four or more mortgaged properties, for all new applications received from Monday 17 July.

All buy-to-let lenders must implement the new standards set out by the Bank of England's (BoE) Prudential Regulation Authority (PRA) by 30 September 2017. Paragon's decision to implement the changes ahead of the PRA deadline reflects the fact that the new standards require only minimal change to its existing approach, as well as a desire to give intermediaries as much time as possible to make any necessary adjustments ahead of the mandatory deadline.

As from Monday, brokers should route all applications from portfolio landlords with four or more mortgaged properties exclusively through Paragon Mortgages. In addition, as is currently the case, any application from a limited company landlord or from a landlord seeking finance for a House in Multiple Occupation (HMO) or a Multi-Unit Block (MUB) should also be submitted to Paragon Mortgages.

Mortgage Trust will focus on applications from individual landlords with three or fewer, single, self-contained, mortgaged properties.

Paragon Mortgages will continue to request that all applications are accompanied by a comprehensive property schedule and seek additional documentation as required to fully understand each landlord's business, including an asset and liability statement, cashflow details and a forward-looking business plan.

John Heron, Managing Director, Paragon Mortgages, said: "Currently, many lenders focus mainly on the rental income and value of the property they are lending against when underwriting buy-to-let property.

“At Paragon, we’ve always asked for information on all the properties a landlord holds and on the full range of their economic activity so that we can assess their business in the round and consider the impact of the new lending on their performance.

“Against this background, this implementation of the PRA Phase 2 changes should result in minimal change for intermediaries and their customers.”

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For further information contact:

Kathryn Rhinds

PR Account Manager

Tel: 0121 712 3161

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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. Paragon Bank PLC is registered on the Financial Services Register under the firm reference number 604551.