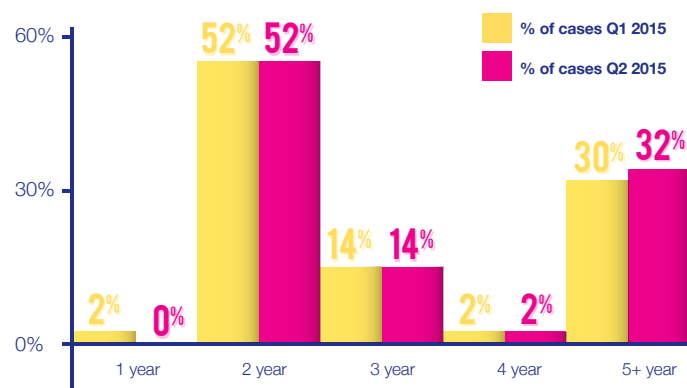


GENERAL MORTGAGE MARKET

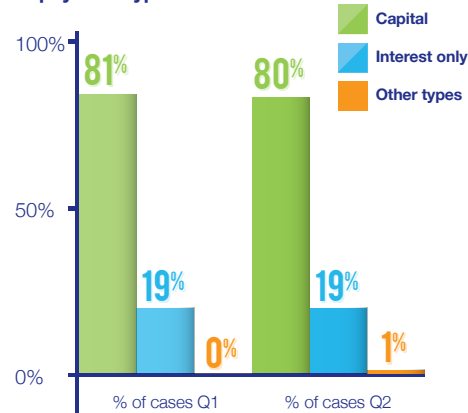
Mortgage products

Fixed rate products remain the most commonly selected, accounting for 81% of new mortgages in Q2. However, the demand for trackers seen in Q1 has reversed. Results also show a preference for longer initial terms, with terms of five years or more experiencing the largest increase in popularity. Although, fixes of two years accounted for over half of mortgage cases (52%). With reference to types of repayment, capital and interest remain the most popular, with incremental changes to the proportion of capital repayment mortgages.

Length of initial fixed/tracker rate product



Repayment type



Mortgage numbers

22.7

the average number of new mortgages introduced in Q2 by intermediaries - a marginal increase from 22.6 in Q1

8.1

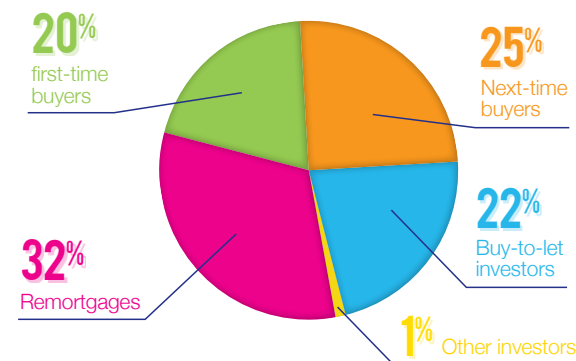
applications were dealt with per advisor on average in the second quarter

4.5%

the expected rise in the number of new mortgage applications compared to results a year ago in Q2 2014

Borrower types

Of all mortgages introduced by intermediaries in Q2, one fifth (20%) were for first-time buyers. The number of remortgages however, has declined by 9% - a statistic that previously peaked in 2007/2008 but has since halved. Remortgage cases account for over a third of new cases (32%).



The majority of intermediaries (76%) also revealed the difficulty of placing a trapped borrower - individuals who had previously taken a mortgage out pre-MMR, but who are unable to meet requirements of lenders post MMR - with only 8% advising they find it very or quite easy to do so.

2%

Very easy

6%

Quite easy

16%

Neither easy or difficult

48%

Quite difficult

28%

Very difficult

Future prospects

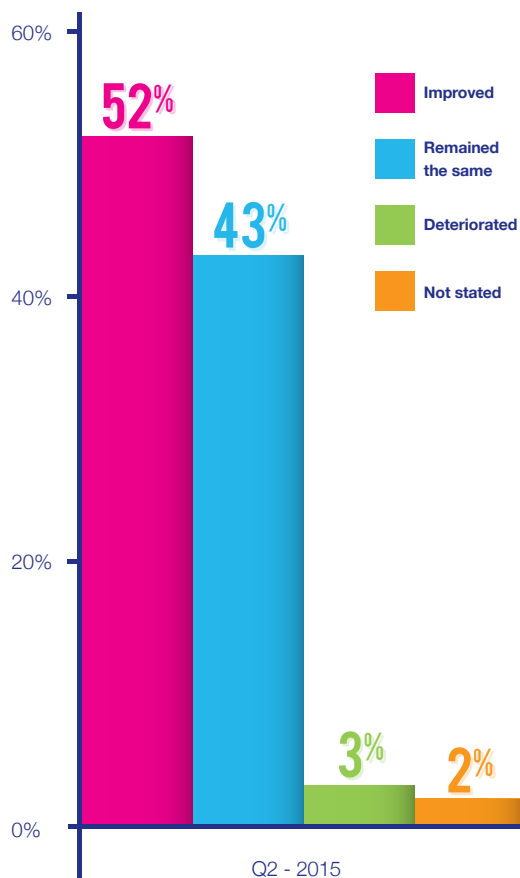
3.8%

the average expected increase in mortgage business for Q2 compared to Q1

BUY-TO-LET MORTGAGE MARKET

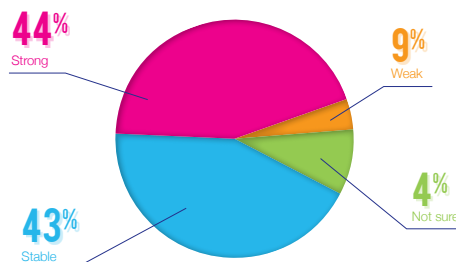
Buy-to-let finance

More than half of intermediaries (52%) said they think availability of buy-to-let mortgage finance has improved.



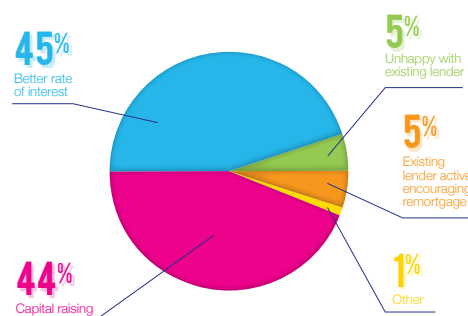
Landlord demand

43% of intermediaries describe landlord demand in Q2 as stable. The proportion of intermediaries who view demand as strong has increased 2% since Q1, from 42% to 44% in Q2.



Buy-to-let remortgages

The most popular reasons for buy-to-let remortgages in Q2 were for a better rate of interest (45%) or capital raising (44%).



Future business

More than half (51%) of intermediaries expect levels of buy-to-let mortgage business to stay the same over the next 12 months. In comparison, more than four out of ten (46%) said they expect the level to increase and only 3% expect levels to decline.



Buy-to-let mortgages

The most popular reason for obtaining a buy-to-let mortgage in Q2 was to facilitate a portfolio extension, as identified by 40% of intermediaries surveyed. This is an established trend over the past four quarters.



About FACT

Established in 1995, Paragon's quarterly Financial Adviser Confidence Tracking Index (FACT) highlights intermediaries' general views on the performance of the mortgage market and on developing trends. Our FACT Index summary report provides a snapshot of the survey's key findings.

About Paragon

Paragon is a leading specialist lender of buy-to-let mortgages to landlords and residential property investors in the UK, a loan servicing provider for third party clients and an active acquirer of loan assets and portfolios. Paragon has most recently established a banking subsidiary, Paragon Bank.

Paragon has £10.5 billion of loan assets under management. Since being established in 1985, it is the only specialist lender to maintain an independent position within the UK mortgage market.

The Group is a member of the Council of Mortgage Lenders, the Intermediary Mortgage Lenders Association, the National Landlords Association and the Association of Residential Letting Agents Lender Panel.