

22nd July 2009

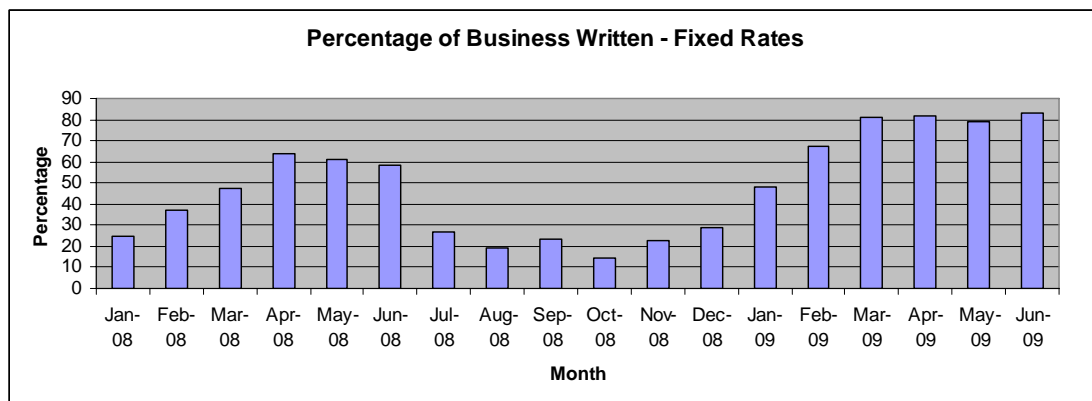
FIXED RATES MORE POPULAR THAN EVER BUT JOHN CHARCOL BELIEVES JUNE WILL BE THE PEAK

- 83% of John Charcol clients opt for a fixed rate in June 2009

Fixed rates remained popular last month according to the **John Charcol Index**, the monthly mortgage activity monitor from John Charcol, the UK's leading independent mortgage adviser.

"In June the proportion of our clients choosing fixed rates increased further to a record 83.1%, taking the average for the last 4 months to 81.2%. However, we expect 83.1% will prove to be the peak for fixed rates for the foreseeable future because after the sharp increase in fixed rate pricing over the last few weeks, compared with little change in tracker rates, the relative attraction of fixed rates and trackers has moved towards trackers unless one expects interest rates to start increasing rapidly before 2011." **comments Ray Boulger of John Charcol.**

"Fixed rates are likely to continue to be the choice of the majority of clients for some time because for many the security offered by a fixed rate is paramount, especially for those on higher LTVs. However, we are recommending trackers to more clients this month, with the focus on low or no early repayment charges (ERCs) as well as the obvious requirements of a good rate and fee combination and possibly an offset facility. The reason the size of the ERC is important, unless the mortgage offers a droplock option, is that many clients will want to consider switching to a fix when the time is right for them."

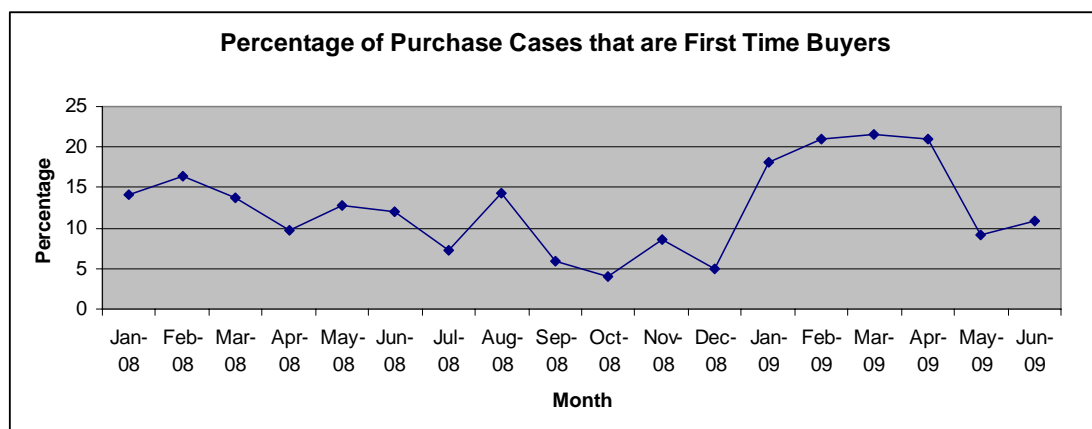
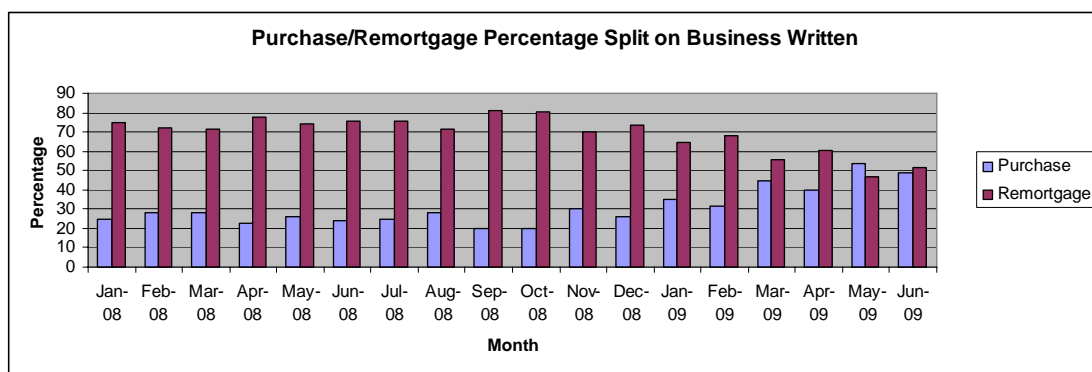


Boulger continues, "There was no material change in the proportion of first time buyers last month but remortgage activity, which includes clients effecting a product transfer with their lender, held up well to take a little over 50% of total business."

The **John Charcol Mortgage Index** is published monthly, tracking three important statistics, based on mortgage business written by John Charcol. The index is a leading indicator of trends being based on mortgage applications submitted to lenders, whereas figures reported by the Council of Mortgage Lenders (CML) and the Bank of England (BoE) are based on completions, which typically take place 2-3 months after the mortgage application is submitted.

The three statistics tracked each month are the percentage split:

- Between Fixed rates, Capped rates and Tracker/Discount rates*.
- Between Purchases and Remortgages.
- Of First Time Buyers compared to all Purchasers.



ENDS

Borrowers should contact John Charcol on 0800 71 81 91 or visit www.charcol.co.uk

For further information, please contact:

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Notes to editors:

The fixed/capped/tracker split is heavily influenced by the advice given by John Charcol and it is to be expected that the swings between fixed and variable rates will be much greater than the figures from sources such as CML and BoE. Their statistics are made up of a mixture of advised and non advised sales and the advice offered by different brokers and lenders will vary.

Definition of First Time Buyers

The percentage of the purchase market taken by FTBs varies depending on definition. The Council of Mortgage Lenders treats any purchaser who is not simultaneously selling a property as being a FTB. This means that, for example, anyone who is returning to the property market after renting for a period or after a spell working as an expat will be treated as a FTB, as will someone acquiring a second property. As a result the CML estimates that it overstates the number of FTBs by about 25%, although their method of calculation is consistent and so its figures still provide a good indication of trends.

At one time many lenders offered some additional, and usually cheaper, mortgages for FTBs to choose from and lenders' definition of a FTB varied. A few lenders still offer special FTB mortgages but most don't and so there is now less reason for borrowers to want to be classified as FTBs in marginal cases in order to qualify for a particular mortgage deal. At John Charcol only genuine FTBs are classified as such but there are situations where it is possible to argue as to whether or not a purchaser is a FTB. The most obvious is where a couple are buying and one is a genuine FTB, but the other either currently or previously owned a property. In this situation John Charcol would not normally classify the purchasers as FTBs, with the possible exception being where the actual FTB is the sole or principal earner.

Percentage split of Fixed rates, Capped rates and Tracker/Discount rates			
2008	Fixed	Capped Tracker	Tracker/Discount
Jan	25.0	-	75.0
Feb	36.8	-	63.2
Mar	47.6	-	52.4
Apr	63.7	-	36.3
May	61.2	-	38.8
Jun	58.2	-	41.8
Jul	26.5	-	73.5
Aug	19.2	-	80.8
Sept	23.4	0.2	76.4
Oct	14.2	-	85.8
Nov	22.9	-	77.1
Dec	29.1	-	70.9
2009			
Jan	47.8	-	52.2
Feb	67.4	0.3	32.3
Mar	80.9	5.1	14.0
Apr	82.0	4.6	13.4
May	78.7	1.8	19.5
Jun	83.1	-	16.9

Purchase/Remortgage Percentage Split on Business Written		
2008	Purchase	Remortgage
Jan	24.9	75.1
Feb	27.9	72.1
Mar	28.5	71.5
Apr	22.4	77.5
May	26.0	74.0
Jun	24.2	75.8
Jul	24.5	75.5
Aug	28.4	71.6
Sept	19.7	81.3
Oct	19.7	80.3
Nov	30.1	69.9
Dec	26.2	73.4
2009		
Jan	35.3	64.7
Feb	31.9	68.1
Mar	44.5	55.5
Apr	39.8	60.2
May	53.4	46.6
Jun	48.7	51.3

Percentage of Purchase Cases that are First Time Buyers	
2008	
Jan	14.1
Feb	16.5
Mar	13.7
Apr	9.8
May	12.7
Jun	12.0
Jul	7.3
Aug	14.4
Sept	5.9
Oct	4.1
Nov	8.6
Dec	5.0
2009	
Jan	18.1
Feb	21.0
Mar	21.6
Apr	20.9
May	9.2
Jun	10.9

About John Charcol

Your initial consultation is obligation free. There will be a minimum fee for our service of £250, of which £100 is payable when you apply, and we will retain the commission from the lender. Alternatively, you can choose the fee only option which is typically 0.63% of the amount borrowed. The precise amount will depend on your circumstances and loan amount, and will be discussed and agreed before you make an application.

YOUR HOME MAY BE REPOSSESSED IF YOU DO NOT KEEP UP REPAYMENTS ON YOUR MORTGAGE

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