

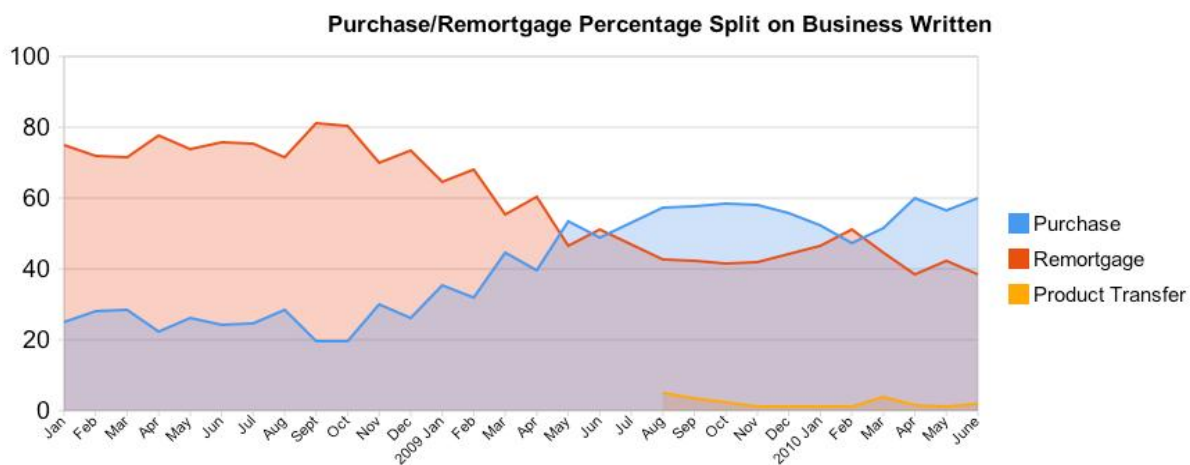
PURCHASES CONTINUE TO LEAD THE MORTGAGE MARKET

- 6 out of 10 mortgages were purchases in June 2010
- New enquiries in July also reveal purchases leading the way
- Full charts available at www.charcol.co.uk/knowledge-resources

The latest www.charcol.co.uk mortgage index reveals that 6 out of 10 mortgages taken in June 2010 were for purchases. Drew Wotherspoon, director of marketing at www.charcol.co.uk, comments on this and other findings.

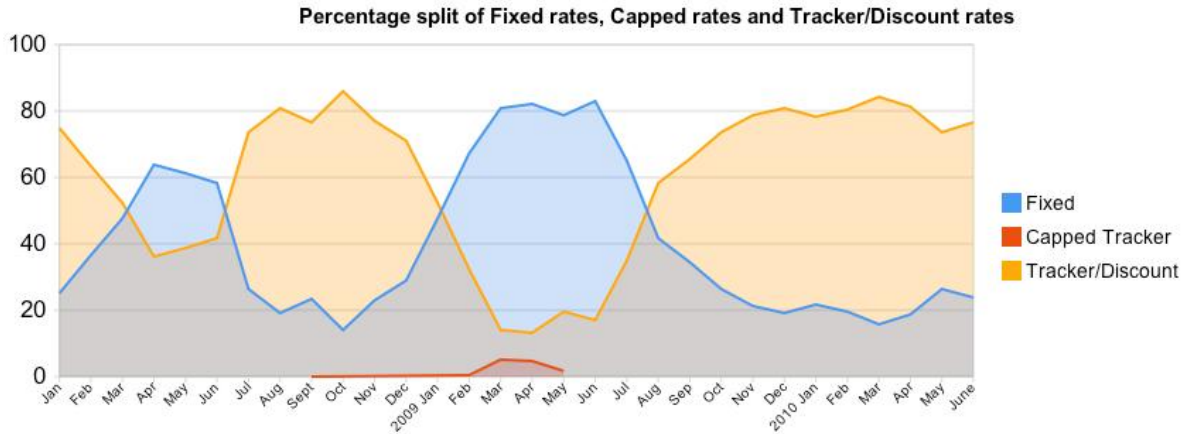
“Purchase activity continues to maintain dominance over remortgaging, as it has done for the last 12 months. The only time when remortgaging has accounted for more business during the last year was in February, but I suspect this had more to do with the poor weather keeping purchasers tucked up indoors than remortgaging proving popular.

“For those borrowers who are in a position to remortgage it would seem that they are waiting for some movement in bank rate, or at least some more definitive information as to when it will move. Whilst this strategy is understandable increasing numbers of borrowers could be considerably better off if they moved their home loan now. As ever, getting advice on your own situation is absolutely the right thing to currently do.”



Variable rates maintain 75% market share

“There is little change in the product preference of most borrowers, with the cost of fixed rates and the chance that rates will remain low for some time to come, putting consumers off fixing. Outside of the traditional product choices, our high net worth customers are also showing real interest in our Interest Rate Protector, a standalone cap that allows them to buy protection considerably cheaper than if they took a fixed rate, suggesting the cost of fixed rates is the bigger barrier to larger numbers taking a fixed rate. Full details of this product are available at www.charcol.co.uk”



The lesser-spotted first time buyer

“The number of first time buyers arranging a mortgage continues to be tiny, with the group accounting for just 5.4% of all transactions with John Charcol in June. This is the lowest level it has been since December 2008 and suggests that a combination of strict lender criteria and inherent nervousness in the market continues to severely affect the amount of new entrants. This group desperately needs more competition in the 90% LTV market.”



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, based on the number of cases submitted rather than the mortgage amount, are the percentage split:

- Between Fixed rates, Capped rates and Tracker/Discount rates
- Between Purchases, remortgages and product transfers
- 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:
Drew Wotherspoon
0845 413 1010

Notes to editors:

Your initial consultation is obligation free. There will be a minimum fee for our service of £450, of which £150 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 0.65% 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.

'Borrowers' is based on John Charcol clients.

** 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 BofE. 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			
	Fixed	Capped Tracker	Tracker/Discount
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
Jul	65.3	-	34.7
Aug	41.9	-	58.1
Sept	34.3	-	65.7
Oct	26.3	-	73.7
Nov	21.3	-	78.7
Dec	19.1	-	80.9
2010			
Jan	21.7		78.3
Feb	19.4		80.6
Mar	15.8		84.2
Apr	19.0		81.0
May	26.2		83.8
June	23.7		76.3

Purchase/Remortgage Percentage Split on Business Written			
	Purchase	Remortgage	Product Transfer
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
Jul	53.0		47.0
Aug	57.4	37.7	4.9
Sept	57.8	38.8	3.4
Oct	58.5	38.4	2.3
Nov	58.1	40.8	1.1
Dec	55.6	43.2	1.2
2010			
Jan	52.2	46.7	1.1
Feb	47.3	51.1	1.0
Mar	51.6	45.5	2.9
Apr	60.8	38.3	0.9
May	56.6	42.4	1.0
June	59.9	38.4	1.7

Percentage of Purchase Cases that are First Time Buyers	
2009	
Jan	18.1
Feb	21.0

Mar	21.6
Apr	20.9
May	9.2
Jun	10.9
Jul	12.5
Aug	13.1
Sept	10.4
Oct	15.3
Nov	10.7
Dec	10.4
2010	
Jan	8.7
Feb	10.2
Mar	7.0
Apr	8.2
May	6.3
June	5.4