

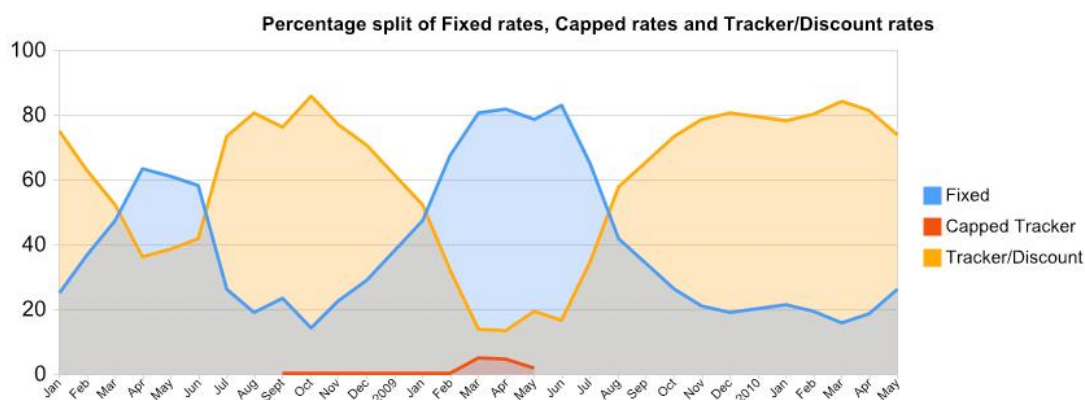
For immediate release, 16th June 2010

CONSUMER UNCERTAINTY BEGINS THE FIXED RATE MORTGAGE REVIVAL

- A quarter of borrowers took fixed rates in May

The latest John Charcol Mortgage Index reveals that 26% of borrowers took a fixed rate in May, the highest level since October 2009. Drew Wotherspoon, Director of Marketing at John Charcol, comments on this and other findings.

“A combination of widespread uncertainty in the economy, magnified by equal uncertainty in the political landscape, and a significant reduction in their cost, led one in four borrowers to plump for a fixed rate in May. This is the highest figure for over six months, as some borrowers begin to look for real safety in what are bound to be some choppy years ahead. The Sword of Damocles is currently hanging right above the UK and no-one can really be confident that it won't fall soon. For those who favour a fix, the recent addition of some new, excellent five and 10 year fixed rates to the market, is good news and I would expect the increase in take up of fixed rates to continue in the coming months.”



"Knowing what the future for interest rates looks like is an exercise in crystal ball gazing, but the reality is that there is only one way interest rates can now move – it's just when and by how much. Some borrowers are undoubtedly still adopting a wait and see approach, but the narrowing in the price differential between fixed and variable rates over the last few months has led some to act now. In March of this year, the difference in rates between product genres was as high as 2.5%, but this has shrunk to just below 1.5%, which has clearly been enough to tempt more consumers to take a fix.

“What this unquestionably highlights is that borrowers must seek advice on their own specific situation. Which product is right for them will be dependent on a myriad of criteria, and generic advice simply will not do.”

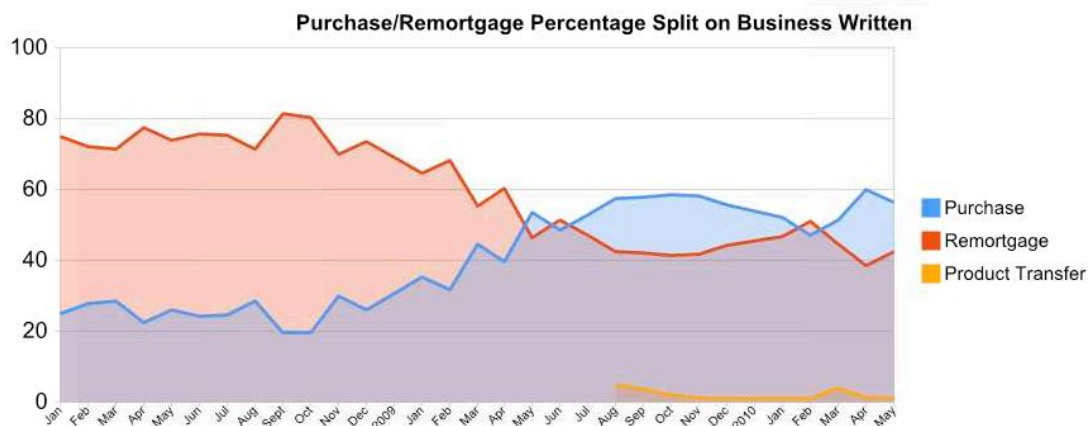
First time buyers still missing in action...

“The proportion of John Charcol clients who are first time buyers has fallen to its lowest level in 18 months, accounting for just 6% in May 2010. With first time buyers probably more concerned with overall market confidence than any other group of buyers, it is little surprise that they are still noticeable by their absence. Combine this with the need to find bigger deposits and actually getting their hands on a mortgage, I cannot see this pattern changing for some time to come.”



Purchases up again

“May saw the recent downward trend in remortgaging reversed, with purchases accounting for 57% of all business. It will be interesting to see what the next few months bring, as more and more people find it is now worthwhile remortgaging away from lender standard variable rates. Yet, at the same time, many people are probably waiting for the emergency budget next week to see what potential impact this will have on the economy, and subsequently rates.”



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:

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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 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			
	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

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

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