

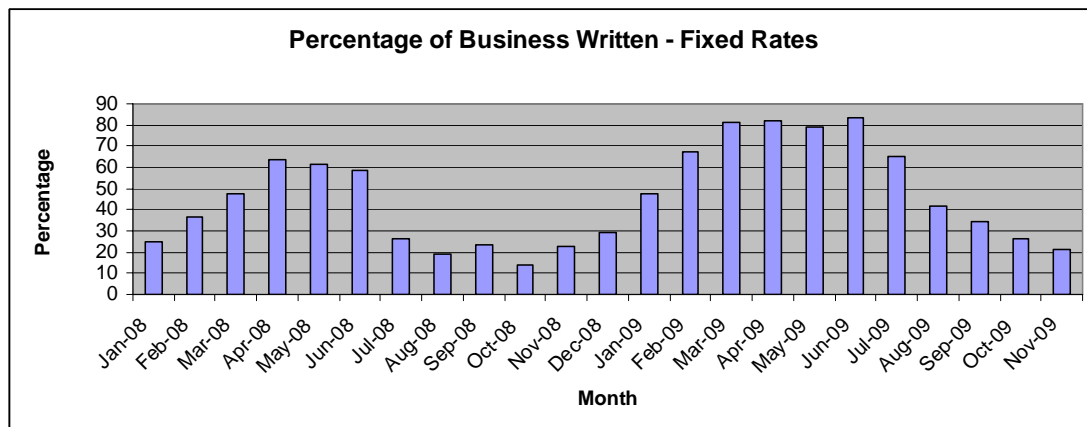
FIXED RATES BECOME LESS POPULAR THAN EVER

- Only 21% of John Charcol clients chose a fixed rate in November
- Proportion of purchases virtually unchanged but FTBs reduce
- Charts available at www.charcol.co.uk/knowledge-resources/john-charcol-index/

The popularity of fixed rate mortgages declined even further in November, with only just over a fifth of John Charcol clients - 21.3% - choosing a fixed rate. This is five percentage points lower than the October figure and most clients who opted for a fixed rate took a 2 year fix, with nearly all the rest choosing a 5 year deal. This is the smallest market share for fixed rates since October 2008 and continues the dramatic decline from their recent peak market share of 83.1% only 5 months ago in June, according to the **John Charcol Index**, the monthly mortgage activity monitor from John Charcol, the UK's leading independent mortgage adviser.

Ray Boulger of John Charcol comments, "The cost of both fixed and variable rates fell in November as a result of some increased competition from lenders. Although fixed rates fell a little further than trackers the difference in the initial pay rates still assumes Bank Rate will increase more quickly than many economists predict and on most interest rate forecasts a good tracker will cost less more than a comparable fixed rate over at least the next 2-3 years. Indeed only last week Roger Bootle, Managing Director of Capital Economics, forecast that Bank Rate would not exceed 1% in the next 5 years.

"However, in this uncertain world things can change quickly and so we have advised many of our clients to take a lifetime tracker rate with low and only short term early repayment charges so that they are in a position to switch quickly to a fixed rate if the interest rate outlook changes. Although we don't expect longer term (say 5 years or more) fixed rates to fall much below the current best rates of just under 5%, it seems probable that rates around this level will be available for some time. Thus borrowers on a variable rate will probably be able to benefit from a tracker rate more than 2% below a comparable 5 year fix for quite a while before considering switching to a fixed rate.



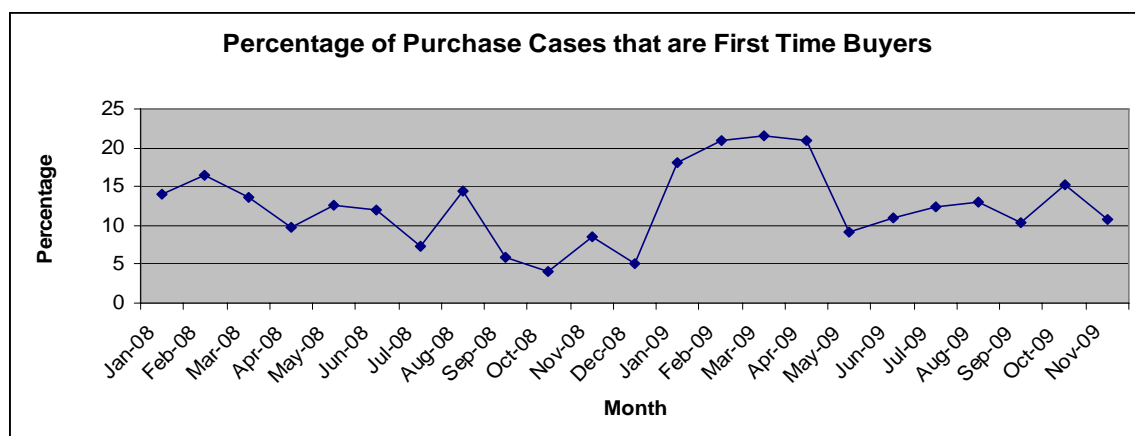
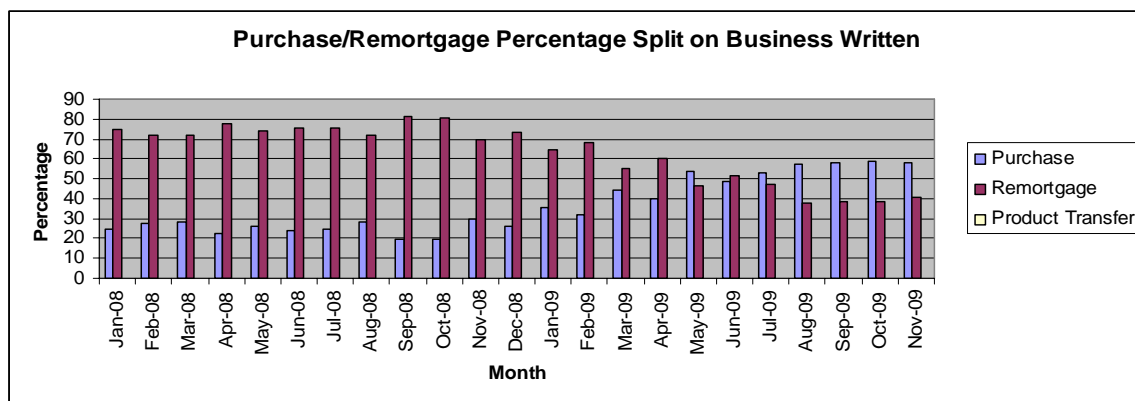
Boulger continues, "There was a statistically irrelevant fall of 0.4% in the proportion of purchases last month, to 58.1%. This percentage has now been very stable for the last 4 months, with the figure moving within a very narrow band of 57.4% to 58.5%. First Time Buyer (FTB) activity as a percentage

of total purchases fell back to 10.7%, well down from last month's 15.3% but still slightly higher than September. For the last 6 months this figure has fluctuated between 10% and 15%."

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, 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:

'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.

*** From August 2009 onwards a further split of mortgage type is included in the figures. Up to then product transfers, i.e. where instead of remortgaging the borrower takes another deal from their existing lender, have been combined with the remortgage figures. However, as product transfers now represent over 10% of the combined remortgage / product transfer business these figures are shown separately. The amount of product transfer business is not published anywhere else, and it is not collected by the CML. Because the lending figures produced by the Bank of England and the CML do not include product transfers (for the very good reason that it is not new lending) the John Charcol Index split between purchase and remortgage/product transfer business can not be directly compared with their figures.

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
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

Purchase/Remortgage Percentage Split on Business Written			
2008	Purchase	Remortgage	Product Transfer
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
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

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
Jul	12.5
Aug	13.1
Sept	10.4
Oct	15.3
Nov	10.7

About John Charcol

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.

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

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