

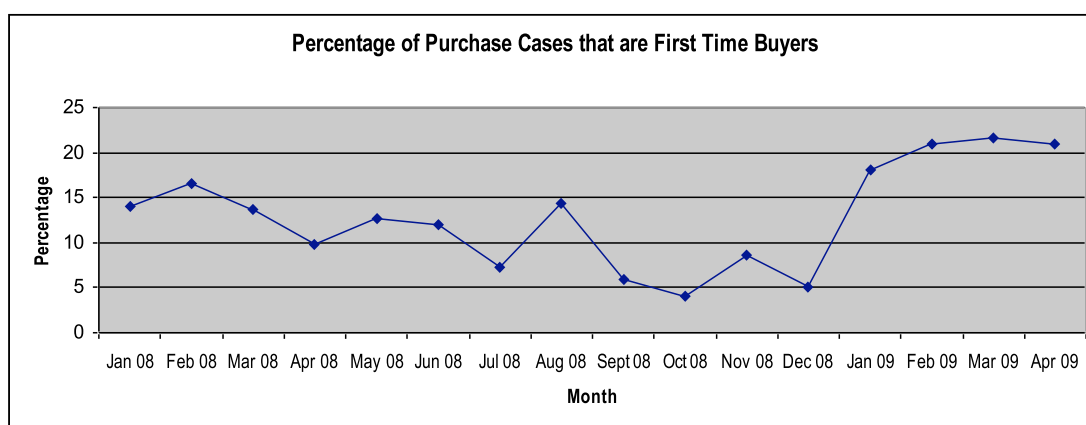
20th May 2009

LESSER SPOTTED FIRST TIME BUYER MORE COMMON THAN YOU THINK

- Latest John Charcol Monthly Mortgage Index shows FTBs now represent a fifth of all new mortgage applications
- Fixed rates continue to be the choice for 8 out of 10 borrowers

Confidence started returning to first time buyers (FTBs) at the beginning of this year according to the **John Charcol Index**, the new monthly mortgage activity monitor from John Charcol, the UK's leading independent mortgage adviser. The index reveals a sharp increase in the proportion of purchases made by first time buyers in the first four months of this year, with that proportion being 3½ times higher than in the previous 4 months.

"The return of significantly more FTBs in to the market this year, despite the lack of high LTV mortgages, is one of the best indicators of confidence we've got at the moment. A surprising number of FTBs have managed to find deposits of at least 25% in order to access a wider choice of mortgages and get a cheaper deal. Many branches of The Bank of Mum and Dad have proved more robust than many of our High Street banks, haven't needed a Government bail-out and recognise that providing their son or daughter with a sizable deposit is often a good way of utilising their savings," **comments Ray Boulger of John Charcol.**



Boulger continues, "Banks and building societies bemoan their ability to attract savings in the current low interest rate environment but their mortgage rates give them the best gross margins they have experienced for many a long year. With parents providing bigger than ever deposits for their FTB children, some families have found a way of cutting out part of the middle man's turn!"

Fixed rates now 82% of all lending

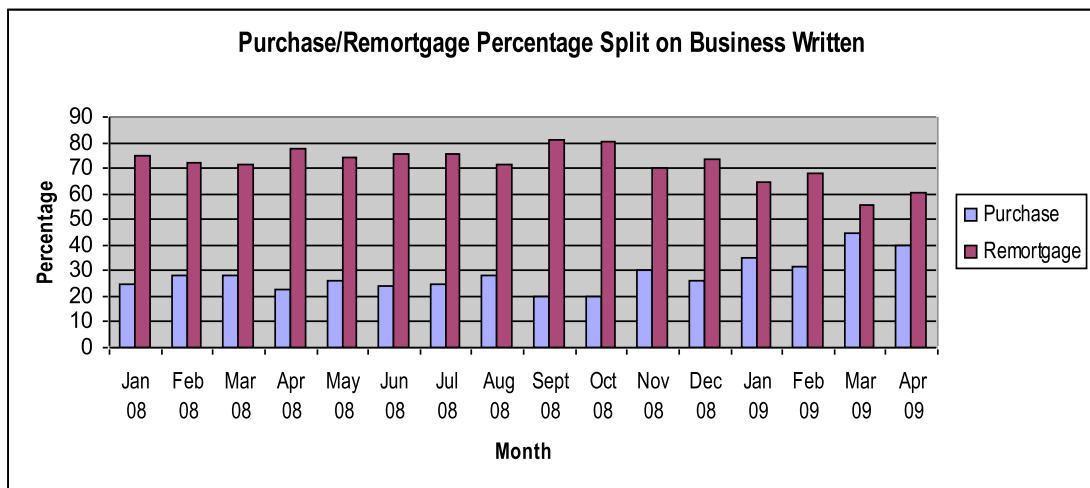
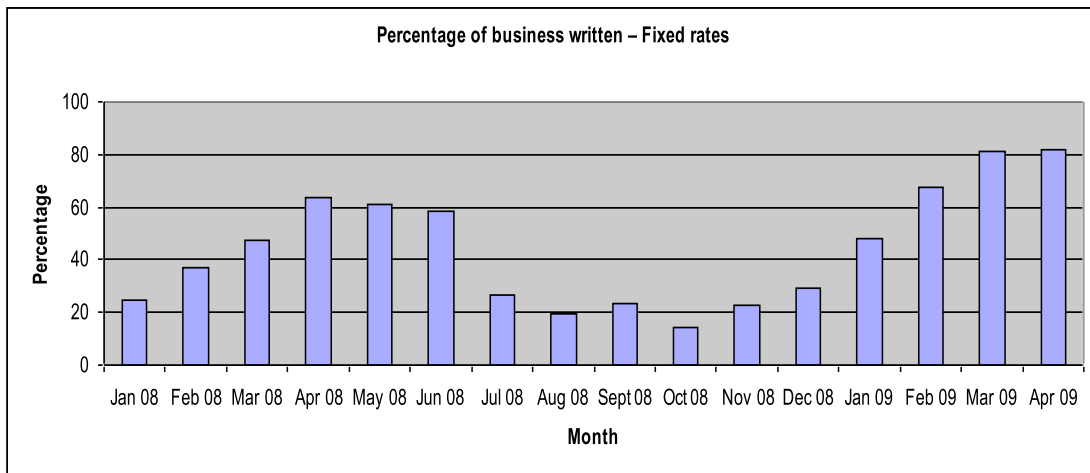
The proportion of all applications for fixed rate mortgages (i.e. not just FTBs) continued to climb in the last month, from 80.9% in March to 82% of all business written by John Charcol in April. This number is over 70% higher than the proportion of fixed rate applications in January, when it stood at 47.8%.

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

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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 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 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

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

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

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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