

5 November 2009

## Deposit requirements ease but mortgage rates gather dust

There is a welcome relief to homeowners and first time buyers as lenders start to increase their maximum loan to values.

Since bank rate reached 0.50% on 5 March 2009, the number of products requiring a minimum of 15 per cent deposit has risen from 169 to 231, those requiring a minimum of 10% have risen from 89 to 105.

But as lenders wanting to appear more accommodating with their loan to value criteria, we are not seeing the same trend in the cost of mortgages, with only few providers cutting rates and the average rates remaining fairly static.

The average 2 year fixed rate mortgage is 5.06% at present, identical to July '09's figure and has increased from 4.84% eight months ago.

The average 2 year tracker rate is currently 3.76%, compared with 3.86% on 5 March 2009.

The total number of residential mortgage products has grown from 1,431 to 1,564 products since March this year.

**Darren Cook**, spokesperson at [Moneyfacts.co.uk](http://Moneyfacts.co.uk), commented:

"It is encouraging to see that lenders are becoming more accommodating with their deposit requirements, which should give more opportunities to first time buyers to take advantage of a buyers market.

"Lenders seem to be getting a bit more comfortable now that property values are levelling out and are prepared to advance to a higher value, but this still comes with a premium with rates relatively higher for smaller deposit mortgages.

"A few lenders have made cuts to their mortgage rates over the past few days, but these are too few to announce a formal return to healthy competition.

"It looks like lenders are trying to make an effort to increase their prudent appetite to lend, but we need to see more lenders trying to better each other on rates."

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Our increasingly popular consumer website [www.moneyfacts.co.uk](http://www.moneyfacts.co.uk) **helps customers make better financial decisions** and gives them the ability to check the latest best buy products and to search the **whole market** for products that suit their individual circumstances.

Moneyfacts.co.uk also supplies best buy charts to many of the UK national and regional newspapers, with a total weekly readership in excess of 22,000,000. Moneyfacts.co.uk also provides the personal finance data that powers many UK online comparison websites.

Our dedicated research experts produce three monthly publications as well as providing real time news and data services to the majority of banks and building societies. Additional information can be found at [www.moneyfactsgroup.co.uk](http://www.moneyfactsgroup.co.uk).

## Contact us...

Looking for extra comment, a chart or more information, then please give us a call. We are always more than happy to help.

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