

## Interest rates more than double for 90% LTV mortgages

**UK, October 16, 2013:** The interest rate for a 90% LTV two year Fixed rate mortgage is now two and a half times higher than a 60% LTV product of the same type, according to the latest figures from Mortgage Brain's quarterly product data analysis.

The analysis, a breakdown of all main product types in the UK mortgage market for a repayment mortgage, is calculated by the lowest rate for a property worth £180,000. Latest figures - as of 1<sup>st</sup> October 2013 - show that the lowest rate for a 90% two year Fixed mortgage (at 3.54%) is now 2.39 times higher than the lowest rate product with a 60% LTV (1.48%).

The difference between the lowest rate 60% and 90% LTV Tracker is almost as great – 2.1 times (or 112%) higher, with the lowest rates currently standing at 1.69% (60% LTV) and 3.59% for a 90% LTV product.

The gap between the two LTV bands has also widened since the start of the year – up 21% - when the 90% LTV two year fixed was listed as being 1.98 times more than the lowest rate 60% LTV product.

Converted to actual cost over a two year period for a repayment mortgage, the lowest rate two year Fixed mortgage with a 90% LTV is now calculated to cost borrowers 25% more than the lowest rate 60% product (up from 12% more in January 2013).

Similarly, borrowers looking for a 90% two year Tracker will face an 18% increase in the cost for the repayment compared to the lowest rate 60% LTV product.

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Mark Lofthouse, CEO of Mortgage Brain, comments, “Whilst our current data shows the marked interest rate differences between LTV bands for Trackers and Fixed rate mortgages, our latest analysis has also shown that interest rates, on the whole, have dropped significantly over the course of the year.

“The interest rate for a 60% LTV two year Fixed, for example, has dropped almost 26% since that start of the year – down from 1.99% in January to 1.48% at the start of October. Trackers with a 60% LTV have seen an even bigger rate drop – down 32% since January 2013, dropping from 2.49% to 1.69%.”

It’s a similar trend for 90% LTV products with a 10% interest rate drop being seen for a two year Fixed compared to the start of the year and a 7% rate drop for a 90% two year Tracker.

Mortgage Brain’s new analysis also gives a clear picture of interest rate movement and repayment cost in the buy-to-let market with the current data showing a 66% difference in the interest rate between a 60% and 80% LTV two year Fixed, and a 77% difference between a 60% and 80% two year Tracker.

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**Table 1: Lowest Rate repayment products (2, 5 year Fixed and Tracker).**

Mortgage Product Data – Supplied by Mortgage Brain											
(Lowest Rate repayment products for a £180,000 property – Purchase)											
Product	2/1/13	1/4/13	1/7/13	1/10/13	3mth change	3mth change (%)	6mth change	6mth change (%)	YTD change	YTD change (%)	Difference to 60% LTV
2 Year Fixed 60%	1.99%	1.74%	1.64%	1.48%	-0.16%	-9.76%	-0.26%	-14.94%	-0.51%	-25.63%	n/a
2 Year Fixed 90%	3.94%	3.69%	2.99%	3.54%	0.55%	18.39%	-0.15%	-4.07%	-0.40%	-10.15%	139.19%
2 Year Tracker 60%	2.49%	1.75%	1.75%	1.69%	-0.06%	-3.43%	-0.06%	-3.43%	-0.80%	-32.13%	n/a
2 Year Tracker 90%	3.84%	3.74%	3.59%	3.59%	0.00%	0.00%	-0.15%	-4.01%	-0.25%	-6.51%	112.43%
5 Year Fixed 60%	2.79%	2.64%	2.44%	2.49%	0.05%	2.05%	-0.15%	-5.68%	-0.30%	-10.75%	n/a
5 Year Fixed 90%	4.59%	4.20%	4.19%	4.39%	0.20%	4.77%	0.19%	4.52%	-0.20%	-4.36%	76.31%
5 Year Tracker 60%	2.59%	2.29%	2.29%	2.14%	-0.15%	-6.55%	-0.15%	-6.55%	-0.45%	-17.37%	n/a
5 Year Tracker 90%	4.09%	3.64%	3.64%	3.65%	0.01%	0.27%	0.01%	0.27%	-0.44%	-10.76%	70.56%

**More/...**

**Table 2: Monthly cost (£) per £1,000 borrowed (2, 5 year Fixed and Tracker).**

Mortgage Product Data – Supplied by Mortgage Brain											
(Monthly cost (£) per £1,000 borrowed – repayment for a £180,000 property)											
Product	2/1/13	1/4/13	1/7/13	1/10/13	3mth change	3mth change (%)	6mth change	6mth change (%)	YTD change	YTD change (%)	Difference to 60% LTV
2 Year Fixed 60%	£4.70	£4.40	£4.40	£4.28	-£0.12	-2.73%	-£0.12	-2.73%	-£0.42	-8.94%	n/a
2 Year Fixed 90%	£5.28	£5.29	£5.30	£5.34	£0.04	0.75%	£0.05	0.95%	£0.06	1.14%	24.77%
2 Year Tracker 60%	£4.67	£4.55	£4.60	£4.46	-£0.14	-3.04%	-£0.09	-1.98%	-£0.21	-4.50%	n/a
2 Year Tracker 90%	£5.50	£5.50	£5.25	£5.25	£0.00	0.00%	-£0.25	-4.55%	-£0.25	-4.55%	17.71%
5 Year Fixed 60%	£4.83	£4.63	£4.63	£4.71	£0.08	1.73%	-£0.08	-1.73%	-£0.12	-2.48%	n/a
5 Year Fixed 90%	£5.64	£5.40	£5.54	£5.53	-£0.01	-0.18%	£0.13	2.41%	-£0.11	-1.95%	17.41%
5 Year Tracker 60%	£4.70	£4.51	£4.46	£4.46	£0.00	0.00%	-£0.05	-1.11%	-£0.24	-5.11%	n/a
5 Year Tracker 90%	£5.90	£5.54	£5.30	£5.30	£0.00	0.00%	-£0.24	-4.33%	-£0.60	-10.17%	18.83%

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## NOTES TO EDITORS

### About Mortgage Brain Limited

- Mortgage Brain Limited is the most widely used and preferred provider of point-of-sale, compliance, mortgage sourcing and electronic trading products and services for mortgage intermediaries.
- Mortgage Brain Holdings Limited, formed in 1986, is jointly owned by Barclays Woolwich, The Lloyds Banking Group, Nationwide, Royal Bank of Scotland, Santander and Virgin Money.
- The consortium of six owners, together with their subsidiaries, collectively account for in excess of 70% of the new business mortgage market within the UK.
- Mortgage Brain Holdings Limited currently has over 20,000 users of its products and services.
- Mortgage Brain is a Microsoft Gold Certified Partner and has won a number of industry awards including the 2010, 2011 and 2012 Mortgage Strategy 'Best Technology Provider' Award, the Pink Service Award for 'Best Technology Provider', and 'Technology Advocate of the Year' at the 2010, 2011, 2012 and 2013 British Mortgage Awards.

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