

**Is this the time to remortgage?**

**For the first time in three years a remortgage product is cheaper than all lenders' Standard Variable Rates**



Market intelligence from  
largemortgageloans.com

Lenders	SVR in Jan 2010	SVR in Oct 2010
Accord	5.99%	5.99%
Alliance & Leicester	4.99%	4.99%
Aldermore	n/a	5.98%
Alliance & Leicester	4.99%	4.99%
Allied Irish Bank (GB)	4.24%	4.24%
Amber Homeloans	3.50%	4.95%
Astra Mortgages	4.85%	5.35%
Bank of China	2.80%	2.80%
Bank of Ireland Mortgages	2.99%	2.99%
Bank of Scotland	4.84%	4.84%
Barnsley Building Society	4.99%	4.99%
Bath Building Society	5.29%	5.29%
Beverley Building Society	4.75%	4.75%
BM Solutions	4.84%	4.84%
Bradford & Bingley	4.59%	4.59%
Bristol & West Mortgages	2.99%	2.99%
Britannia	4.24%	4.24%
Buckinghamshire Building Society	5.24%	5.24%
Cambridge Building Society	4.59%	4.59%
Chelsea Building Society	5.79%	5.79%
Cheltenham & Gloucester	2.50%	2.50% existing / 3.99% new
Chesham Building Society	6.45%	6.45%
Cheshire Building Society	3.99%	2.50% existing /3.99% new
Cheshire Mortgage Corporation	12.55%	9.95%
CHL Mortgages	7.25%	7.25%
Chorley & District Building Society	5.49%	5.49%
Clydesdale Bank	4.59%	4.59%
Coventry Building Society	4.49%	4.74%
Co-operative Bank	4.24%	4.24%
Darlington Building Society	5.95%	5.95%
Derbyshire Building Society	3.99%	2.50% existing /3.99% new
Direct Line	2.00%	2.00%
Dudley Building Society	4.99%	4.99%
Dunfermline Building Society	5.19%	5.19%
Earl Shilton	4.95%	4.95%
Ecology Building Society	4.90%	4.90%
Egg	5.29%	5.29%
First Active (RBS)	2.79%	2.79%
First Direct	3.69%	3.69%
First Trust Bank (NI)	3.99%	4.24%
Furness Building Society	5.44%	5.44%
GMAC-RFC	5.75%	5.75%
Godiva Mortgages	4.49%	4.74%
Halifax	3.50%	3.50%
Hanley Economic Building Society	5.19%	5.19%
Harpenden Building Society	4.19%	4.19%
Heritable Bank	4.99%	4.99%
Hinckley & Rugby Building Society	3.54%	5.64%
Holmesdale Building Society	4.54%	4.89%
HSBC	3.94%	3.94%
Igroup	8.59%	5.51%
ING Direct	3.50%	3.50%
Intelligent Finance	2.50%	2.50%

Rates correct as at 31 October 2010

Lenders	SVR in Jan 2010	SVR in Oct 2010
Ipswich Building Society	5.49%	5.49%
Islamic Bank of Britain	4.59%	4.49%
ITL Mortgages	3.89%	5.99%
Kent Reliance Building Society	6.08%	6.08%
Leeds Building Society	5.49%	5.69%
Leek United Building Society	5.19%	5.19%
Lloyds TSB Scotland	2.50%	2.50% existing / 3.99% new
Loughborough Building Society	4.99%	4.99%
Manchester Building Society	4.84%	5.49%
Mansfield Building Society	5.59%	5.59%
Market Harborough Building Society	5.49%	5.49%
Marsden Building Society	5.95%	5.95%
MBS Lending Ltd	7.50%	8.00%
Melton Mowbray Building Society	4.99%	4.99%
Monmouthshire Building Society	4.99%	4.99%
National Counties Building Society	4.69%	4.69%
Nationwide Building Society	2.50%	2.50% existing /3.99% new
NatWest	4.00%	4.00%
Newbury Building Society	4.45%	4.45%
Newcastle Building Society	5.99%	5.99%
Northern Rock	4.79%	4.79%
Norwich & Peterborough BS	4.85%	5.35%
Nottingham Building Society	6.14%	5.99%
Penrith Building Society	4.15%	4.15%
Platform Homeloans	5.25%	4.29%
Post Office	n/a	3.99%
Principality Building Society	4.99%	4.99%
Progressive Building Society	4.75%	4.75%
Royal Bank of Scotland	4.00%	4.00%
Saffron Building Society	5.29%	5.39%
Santander	4.24%	4.24%
Scarborough Building Society	4.95%	4.95%
Scottish Building Society	5.29%	5.29%
Scottish Widows Bank	3.99%	3.99%
Shepshed Building Society	5.99%	5.99%
Skipton Building Society	3.50%	4.95%
Stafford Railway Building Society	3.49%	3.49%
Standard Life Bank	5.34%	5.34%
Stroud & Swindon Building Society	5.99%	5.99%
Teachers Building Society	4.99%	4.99%
The Mortgage Works	4.79%	4.79%
The One Account	3.75%	3.75%
Tipton & Coseley Building Society	4.99%	4.99%
UCB Homeloans	5.49%	5.49%
Ulster Bank (NI)	4.00%	4.00%
Vernon	4.99%	4.99%
West Bromwich Building Society	5.84%	5.84%
Woolwich (Barclays)	4.99%	4.99%
Yorkshire Bank	4.59%	4.59%
Yorkshire Building Society	4.99%	4.99%
<b>Average SVR</b>	<b>4.81%</b>	<b>4.89%</b>

## Notes on the SVR table on the preceding page

- The data in the table lists standard variable rates (SVRs) for all UK lenders and has been ordered alphabetically.
- The rates may not be available to all customers and may not be suitable for all customers, dependent upon their individual circumstances.
- The rates may become out of date at short notice and may not be available at the point at which the customer enquires about them.
- This promotion may not contain all the information needed for the customer to make a decision and they should seek advice.

## Around 2.5 million borrowers have their mortgages on their lender's standard variable rate (SVR), but is this still the best option for them?

Research conducted by Largemortgageloans.com has highlighted continuing discrepancies in lenders' standard variable rates. The table lists the current standard variable rates of the major UK lenders which range from the competitive (Cheltenham & Gloucester/Lloyds TSB and the Nationwide at 2.50% for existing borrowers, although all three have raised their SVR to 3.99% for new borrowers) through to the unimpressive (Northern Rock at 4.79%, Skipton at 4.95% and Alliance & Leicester at 4.99%) to the downright poor (the Cheshire Mortgage Corporation at 9.95%, although that is 2.6% lower than it was in January).

It is interesting to note that the majority of lenders with higher standard variable rates are still building societies – as they were in January – despite their traditional reputation for offering some of the most competitive mortgage products. As we have discussed before, the main reason for this is that most building societies fund the majority of their lending from deposits made by their savers. In order to pay attractive interest rates to attract and keep their savers they have to earn a higher amount from their borrowers. Banks, however, obtain most of their funds from other financial institutions on the money markets. Such funding is comparatively cheap right now.

## Ups and downs

Eight lenders have actually increased their standard variable rates since January, despite the Bank of England maintaining the base rate at 0.50% since March 2009. These are, in the main, building societies, struggling to attract savers' deposits and needing to raise mortgage rates to maintain profit margins.

Since the last SVR survey by Largemortgageloans.com, Lloyds TSB and Cheltenham & Gloucester have followed the Nationwide's lead in announcing a new higher 'standard mortgage rate' of 3.99% for new borrowers - only existing mortgage holders will benefit from their previous 2.50% rate. No doubt there are many others planning the same strategy.

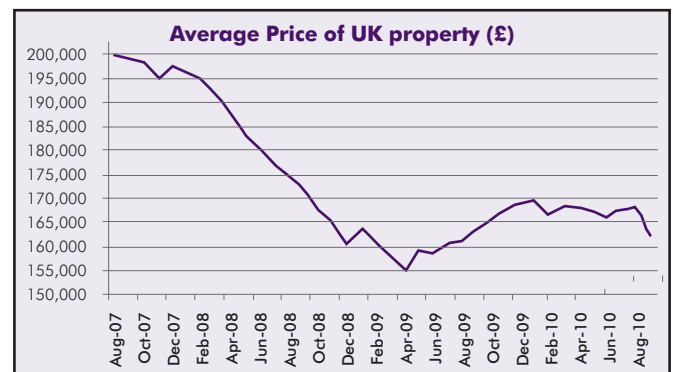
Interestingly, several lenders have reduced their SVR since January, including the aforementioned Cheshire Mortgage

Corporation. Igroup and Platform Homeloans have both reduced their SVRs by significant amounts.

The net effect of these 'ups and downs' is that the average SVR has increased from 4.81% to 4.89% from January to October 2010 (taking the Nationwide, Cheltenham & Gloucester and Lloyds TSB SVRs as 3.99%).

## Is it time to remortgage?

It became standard practice during the 1990s and early 2000s for borrowers to obtain another good fixed or discounted rate whenever an initial mortgage deal ended. The credit crisis has made this practice much less rewarding over the last three years. A combination of falling property prices and banks tightening lending criteria has meant that more and more people have had no option but to revert to their lender's standard variable rate.



2009 saw a recovery in house prices, which have continued to hold steady in most areas of the UK throughout 2010, and this trend has finally been sufficient to give many lenders the encouragement to resume lending at higher loan to values and cheaper rates. The launch of two particularly competitive remortgage deals in October 2010 – the first time that such rates have been cheaper than existing standard variable rates since 2007 - has given hope to UK borrowers. These excellent deals can help many borrowers reduce their monthly outgoings and save significant sums of money. Competitively priced remortgage deals are launched and withdrawn on a regular basis, so it is vitally important to consult a specialist mortgage broker to make sure that you do not miss out on the best and most suitable deal.

## Big savings in trackers

Even those on standard variable rates below 4.00% (for example, Halifax at 3.50%) can make big savings by switching to a 2 year base rate tracker mortgage currently available at just 1.99% (Bank Base Rate + 1.49%) reverting to 4.00% at 30 November 2012, giving an overall cost for comparison of 3.8% APR. To help keep costs down, the lender will pay for the

property valuation, legal fees and the arrangement fee of £499 can be added to the mortgage. Adding fees to the mortgage would increase the mortgage debt and therefore increase the APR. There are early repayment charges until 30 November 2012.

## Is it time for a fixed rate?

Economists are split in their views on future interest rate movements. There is consensus that they will increase from their current historical low base, but debate continues as to when and by how much. One school of thought is that the Bank of England will need to start to raise rates as early as next spring, whilst other analysts believe that rates could stay between 0.50% and 1.00% for the next five years. Whenever interest rates do increase, it is quite possible that they could do so quite considerably over a short period of time, which would significantly increase the monthly mortgage payments for all those on variable rates.

If you are concerned about possible rapid interest rate rises, you may want the security of fixing your mortgage payments. If you are paying a higher standard variable rate, this could be achieved and you could reduce your payments at the same time; a 5 year fixed rate mortgage up to 60% LTV is now available at a rate of just 3.99% until 30 November 2015, reverting to 4% thereafter, giving an APR of 4.1%, with no product fee, free remortgage valuation and legal service. An early repayment charge applies until 30 November 2015.

## Best of both worlds?

Given the uncertainty around the UK economy and future Bank of England base rate movements, borrowers might like to opt for a mortgage that is split into 2 parts, 50% tracking the base rate until 2012 and 50% fixed until 2015. We can explain how this works.

## £ Million Plus Mortgages

There are many people with mortgages above £1million currently on standard variable rates. Over the last few years, the number of high street lenders willing to lend over £1million has reduced dramatically. Some are cautiously returning to the market, but even so this may not be the best solution. At this level of lending, better deals are often available from private banks rather than traditional lenders

Private banks treat every client as an individual and will offer bespoke lending terms that are often far better than those available from high street lenders. To obtain the best possible

mortgage, it is absolutely essential to enlist the help of an experienced specialist broker with extensive private banking knowledge and contacts. Largemortgageloans.com works with clients to negotiate the keenest rates with the private banks. Whilst every deal is different, we have recently obtained rates with margins as low as 1% over bank base rate or Libor.

## Time to act?

With UK banks' lending criteria still considerably tighter than pre credit crisis, the very best deals currently require equity in your home of at least 40%, with the next best offers requiring 25%. In general, the more equity you have, the cheaper the rate you will be offered.

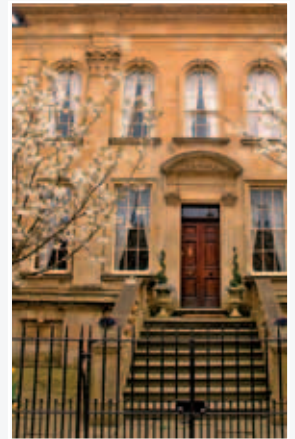
However, after a period of relative stability, the Halifax House Price Index showed a worrying 3.6% drop in average UK house prices in September 2010, compared to August. Against this background, you might wish to consider arranging a new mortgage deal now and benefit from a valuation at today's prices, rather than when prices may be lower.

It is not just those already on standard variable rates who should be thinking about this. With most lenders' mortgage offers valid for up to six months, it makes sense for anyone approaching the end of a fixed or discounted deal to start the remortgage process six months or so before their deal ends. The good rates now available can be secured in advance. If even lower rates then become available before the remortgage is needed to complete, most lenders will allow you to swap to the better deal for a nominal fee or even free of charge.

Just make sure that you work with a reputable broker to ensure that the very best mortgage deal is secured.

## Largemortgageloans.com Fee Structure

Your initial consultation is obligation free. The described fee will be charged on application for a mortgage, this fee is non-refundable. We will also be paid by the lender. On mortgages up to £500,000 the fee would be £495. On mortgages over £500,000 up to £1,000,000 the fee would be £995. For mortgages over £1,000,000 and exclusive or semi exclusive schemes the fee would be up to 1% of the loan amount. E.g. on a mortgage of £2,000,000 the fee would be £20,000.



**Your home or property may be repossessed if you do not keep up repayments on your mortgage.  
Changes in the exchange rate may increase the sterling equivalent of your debt.  
You may have to pay an early repayment charge to your existing lender if you remortgage.**

Largemortgageloans.com is a trading name of Largemortgageloans.com Limited

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