

Mortgages

Great deals for the select few

Rates keep falling, but only for affluent borrowers, says **Jessie Hewitson**

The Yorkshire Building Society is offering borrowers with a 35 per cent deposit a five-year fixed-rate mortgage at a rate of 2.44 per cent with a £1,345 fee. This is, quite possibly, the lowest rate yet for a five-year fixed rate — and if it isn't, it is certainly the lowest in the careers of many a broker. "It is remarkable. I've never seen a five-year fixed rate as favourable as this in 20 years working in the industry," says Jonathan Harris, director of Anderson Harris. "It was not so long ago that we were getting excited about 3.99 per cent."



offered by First Direct (3.79 per cent at 85 per cent LTV with no fee) and Nottingham Building Society (4.39 per cent at 90 per cent LTV with a £299 fee).

Data from moneyfacts.co.uk suggests that availability over the past month has shrunk for those with a 5 per cent deposit: there are currently only 42 options available to buyers looking for a 95 per cent mortgage, while in June there were 54. This compares with 848 options if the LTV is 75 per cent.

One route being taken by many first-time buyers — or the self-employed or anyone else who doesn't meet the exacting criteria laid down by the stricter high street banks — is to get loans from smaller building societies. These establishments are proving to be marginally more flexible in their lending criteria.

The Building Societies Association reports that loans to first-time buyers went up by 50 per cent in the first five months of this year compared with the same period in 2012, with more than 32,000 buyers getting their first mortgage in 2013 through building societies. Among first-time buyers with a deposit of 10 per cent or less the difference between this year and last is even more pronounced, rising from 3,400 to 8,900.

There are a few reasons why rates have come down, but the Funding for Lending Scheme is the main one. Launched last July, it promised

The cheap deals are certainly there for those with a hefty deposit: this week HSBC launched its lowest two-year fixed-rate mortgage to date: 1.49 per cent with a £1,999 fee at a LTV (loan to value) ratio of 60 per cent. Meanwhile, Chelsea Building Society is offering a two-year fixed rate of 1.64 per cent at 65 per cent LTV, with a £1,545 charge.

"It only takes one or two lenders to start becoming more competitive for the rest to follow, which brings rates down," says Simon Gammon, the managing partner of Knight Frank Finance.

Brian Murphy, the head of lending at the Mortgage Advice Bureau, describes the current spate of rate decreases as a "race to the bottom", though he says that the rates don't always reveal the true picture as hefty charges can make them more expensive than they seem.

Figures produced in July by moneyfacts.co.uk illustrate this downward trajectory: the average five-year fixed rate across all LTVs now stands at 3.86 per cent; last August the figure was 4.75 per cent, with 5.03 per cent the year before. For two-year fixed rates the figure stands at 3.63 per cent, while in August 2012 it was 4.65 per cent, with 4.27 per cent in August 2011.

For buyers with smaller deposits — 10 to 15 per cent — Harris says that there are mortgage deals around "but the rates aren't very exciting". He says the best rates are



LEGAL Q&A

Can I influence landscaping of a shared estate?

Q My flat is in a modern development in London. The management company that runs the estate has circulated a notice stating that it intends to carry out landscaping works in the gardens. I would very much like the area directly outside my flat improved — can I insist on it being included in the plans?

A It is a standard term of every lease of a flat that the landlord or management company must repair and maintain the common parts. This almost always extends to maintenance of any gardens. These provisions are unlikely to require the landlord to carry out improvements



Best buy mortgages

Type	Term	Lender	Rate	Max-LTV	Fees
Fixed	2yr	Chelsea BS	1.64%	65%	£1545 + £130
Fixed	2yr	Accord	2.24%	80%	£1845 + £130
Fixed	5yr	Yorkshire BS	2.44%	65%	£1345 + £130
Fixed	5yr	Accord	3.09%	80%	£1845 + £130
Tracker	2yr	Halifax	1.89%	60%	£1,499
Tracker	Term	First Direct	2.13%	65%	£1,999
Tracker	2yr	Newcastle BS	2.90%	80%	£495 + £195

Source: SPF Private Clients

banks and building societies access to borrow £80 billion at a favourable rate on the proviso that they started lending more to homeowners and small to medium-size businesses. All the major lenders are now accessing finance through the scheme except HSBC.

Mark Dyason, the director of Edinburgh Mortgage Advice, points out that some of the products on offer are now so low that there is no room to compete, which is prompting lenders to get creative rather than lose out in a growing market. Earlier this year, Halifax offered to pay the

Top, Olga and Gareth Walsh with their son; above left, the family bought a four-bedroom house at the Holborough Lakes development; inset, Minal Patel

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date. The regulations require the landlord or management company to "have regard to those observations" and to provide other leaseholders with a summary of any comments and its response.

A management company is not strictly required to accept observations from leaseholders, but it could face difficulties recovering service charges if it fails to follow the consultation requirements. Moreover, case law suggests that the process of "having regard to" any observations must be a genuine one.

It follows that you cannot force the management company to landscape the area outside your flat, but it must at least give full consideration to your proposals. **Mark Loveday**

stamp duty for any first-time buyers purchasing property between £125,000 and £250,000. Meanwhile, Leeds Building Society is offering a three-year fixed at a rate of 4.32 per cent (at 85 per cent LTV) with no repayments for the first three months; the five-year fixed (4.45 per cent at 85 per cent LTV) offers no repayments for six months.

Minal Patel, a marketing manager, has recently remortgaged the two-bedroom Victorian house she owns in Hayes, Middlesex. Thanks to the favourable rates — her new loan has an interest rate of 2.89 per cent at 70 per cent LTV, fixed for two years, through Barclays — she was able to switch from her interest-only mortgage to a repayment mortgage, and only had to pay an extra £375.78 per month.

"It was always my intention to switch to a repayment plan after two years, but I was bracing myself for this switch to be far more uncomfortable in terms of how much I was paying out than it has been," she says. "I've been told I'm very lucky to be remortgaging at the moment."

Olga Walsh, a financial planner, and her husband, Gareth, who owns a small business, bought a four-bedroom house in the Holborough Lakes development in Holborough, Kent, in April. They paid £340,000 for the Berkeley Homes property after putting down a 5 per cent deposit. Their mortgage, obtained through Barclays, has a 4.89 per cent rate fixed for four years — relatively low considering the size of the deposit.

"My husband and I were eager to take our first steps on to the property ladder after renting [for] seven years," says Olga, who was previously renting in Surrey.

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