



marketwatch

There's lots of good news this week, with Saffron and Cambridge adding to the increasing number of 95% LTV deals and the boom in rental demand producing better and better buy-to-let products from lenders

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Last week swaps fell after the previous week's small increase. The good news is it gives lenders less scope to increase rates. Three-month LIBOR is unchanged at 0.82%.

1-year money is down 0.02% at 1.39%
2-year money is down 0.05% at 1.72%
3-year money is down 0.08% at 2.37%
5-year money is down 0.1% at 3.27%

It is not surprising to see The Mortgage Alliance snapped up by a large conglomerate.

It did not seem to be a good fit with a lender and I am sure it will fit well within LSL Group. I think it will get harder for small mortgage clubs to remain independent.

Abbey for Intermediaries brought out its fifth seven-day sale range for key accounts last week. Its service proposition must be under some pressure after offering excellent rates for a month or so.

Abbey's service has been outstanding for a long time. Clearly we will need to manage clients' expectations. You can't have the cheapest rates and the quickest service – the two don't go together.

It seems 95% deals keep making the headlines.

Saffron Building Society has a 95% LTV deal for first-time buyers who have rented for a year. Sensibly it will use their rental payments to calculate affordability.

Cambridge Building Society has also launched a 95% LTV product working with Taylor Wimpey on its new-build properties.

Halifax was lampooned after putting a 95% LTV five-year tracker rate at 8.5% on its website. It was a simple mistake and no-one will be

INTEREST RATE SWAPS



getting 8% over the base rate.

It's a shame Halifax didn't launch a real 95% LTV product.

The more 95% deals there are the lower rates will get. Though some think these high LTV deals are a step back to the mistakes of previous years, if sensibly sold, advised and underwritten, they are a crucial part of the market.

All Types of Mortgages has launched a 3.99% two-year fixed buy-to-let exclusive product with Hinckley & Rugby Building Society.

The rate is for loans up to 65% LTV with a completion fee of £1,295 added to the loan within LTV. It has an upfront booking fee of £399 but no credit scoring and the rental calculation is at 135% of pay rate.

Aldermore has launched two

buy-to-let mortgage rates, a limited edition term variable with a pay rate of 4.68% for loans up to 65% LTV and 4.98% for loans up to 75% LTV, for purchases or remortgages.

It feels there is good news in the buy-to-let market every week. The demand for rental properties seems to be rising. The number of lenders offering buy-to-let products is growing and the products are getting better and better.

It is interesting to see that Paragon Group is considering making a bid for Northern Rock. Despite having to stop lending when its funding sources dried up, Paragon continued to make profits on the mortgages it had sold. I imagine it would also seek to use broker distribution.

heroes&villains



● **HERO OF THE WEEK**
is Nationwide which has launched a five-year fixed rate at 3.89% for loans up to 70% with a £999 fee, reduced to £499 for first-time buyers. It is good to see lenders support first-timers albeit at a low LTV.



● **VILLAIN OF THE WEEK**
is the housing minister Grant Shapps who suggests the solution to the housing market's woes is mates mortgages. They just don't work in an environment with flat or falling house prices.

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