

90% LTV Mortgages Cost Borrowers 25% More

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Product data analysis from UKMortgages, the most comprehensive and widely used mortgage search application for mobile devices from app developer Mortgage Brain, has shown that potential borrowers face significant rate and cost differences for mortgages with higher Loan-To-Value rates (LTVs).

The analysis, a breakdown of all main product types in the UK mortgage market, is calculated by the lowest rate for a property of £180,000, and has shown that the interest rate for a 90% LTV two year Fixed mortgage is more than twice that of the lowest rate product with a 60% LTV rate - 119% higher.

Borrowers who choose Tracker mortgages face a similar difference with the data showing that borrowers with a 10% deposit will pay an interest rate 94% higher than those who can put down a 40% deposit.

In terms of actual cost over a two year repayment period, the lowest two year Fixed rate mortgage with a 90% LTV will cost borrowers 25% more than the lowest rate 60% product of the same type.

Similarly, borrowers face a 14% increase in cost for the repayment of the lowest rate two year Tracker with a 90% LTV compared to the lowest rate 60% LTV product.

Mark Lofthouse, CEO of UKMortgages, said, "Our new product data analysis provides a very clear and concise picture of interest rates and the true cost of a repayment mortgage and makes like for like comparisons across different product types.

"A mortgage is the single most important financial decision many of us will make and selecting the best mortgage isn't just about interest rates - there are many other factors that need to be taken into account.

"Obtaining professional advice, therefore, is incredibly important and by using UKMortgages to conduct initial mortgage searches, consumers can quickly get in touch with qualified mortgage brokers to help progress a mortgage enquiry or application."

Interest Rate Trend (three/six month):

Although a major difference between the lowest rate 90% and 60% LTV products can be seen, there is some good news for potential borrowers with the analysis over the last six months showing a downward trend in interest rates.

Based on UKMortgage's latest analysis, the lowest rate two year Fixed rate product with a 90% LTV has come down by 3% over the past three months and 9% since January 2013.

By comparison, borrowers with a bigger deposit are set to benefit the most, however. Current figures show that the lowest rate two year Fixed rate product with a 60% LTV has seen an interest rate drop of 6% since May 2013 and an 18% drop over the past six months.

The interest rate for a two year Tracker with a 60% LTV has come down by 30% since the start of the year and the lowest rate product of the same type with a 90% LTV has seen interest rates come down 9% since May and 12% since January 2013.

UKMortgages, the only mortgage search, compare and review mobile app of its kind, which is free to download and available on the iPhone, iPad and Android devices, is developed by multi-award winning mortgage technology company, Mortgage Brain.

- Ends -

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