



BANK OF ENGLAND

Mortgage Contract Design

David Miles

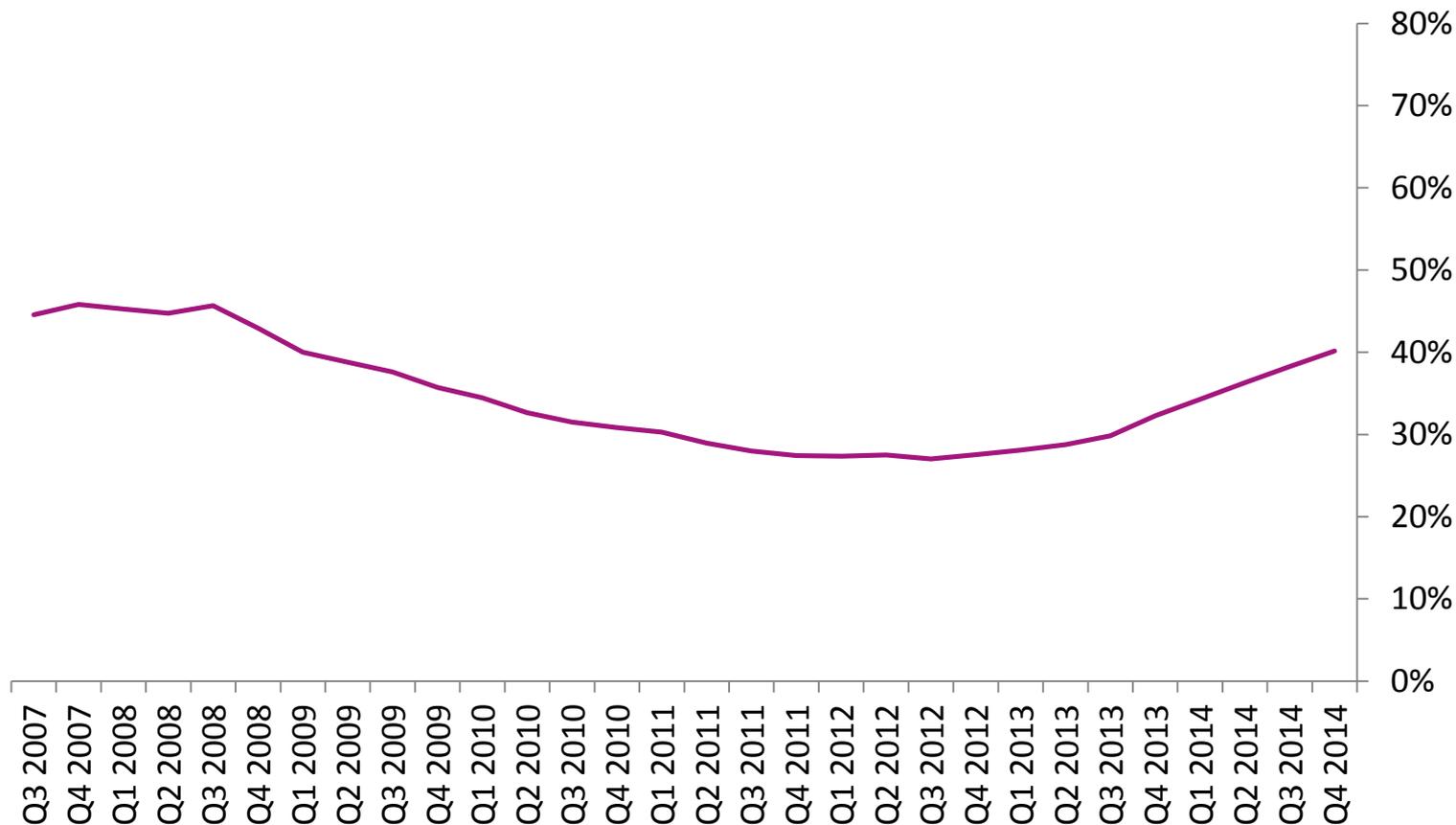
Monetary Policy Committee

Bank of England

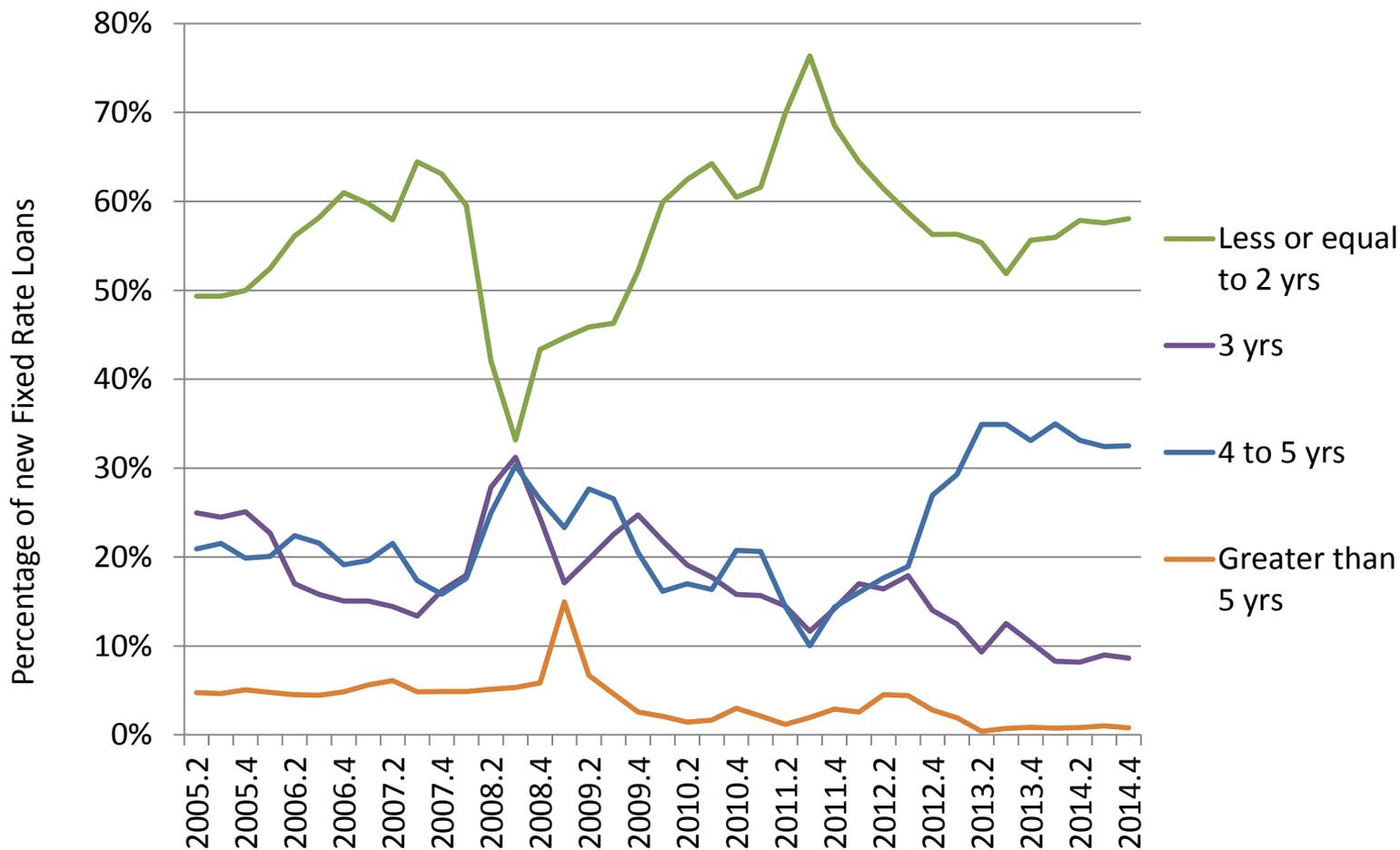
Federal Reserve Bank of New York

May 2015

Percentage of UK mortgages that are fixed rate



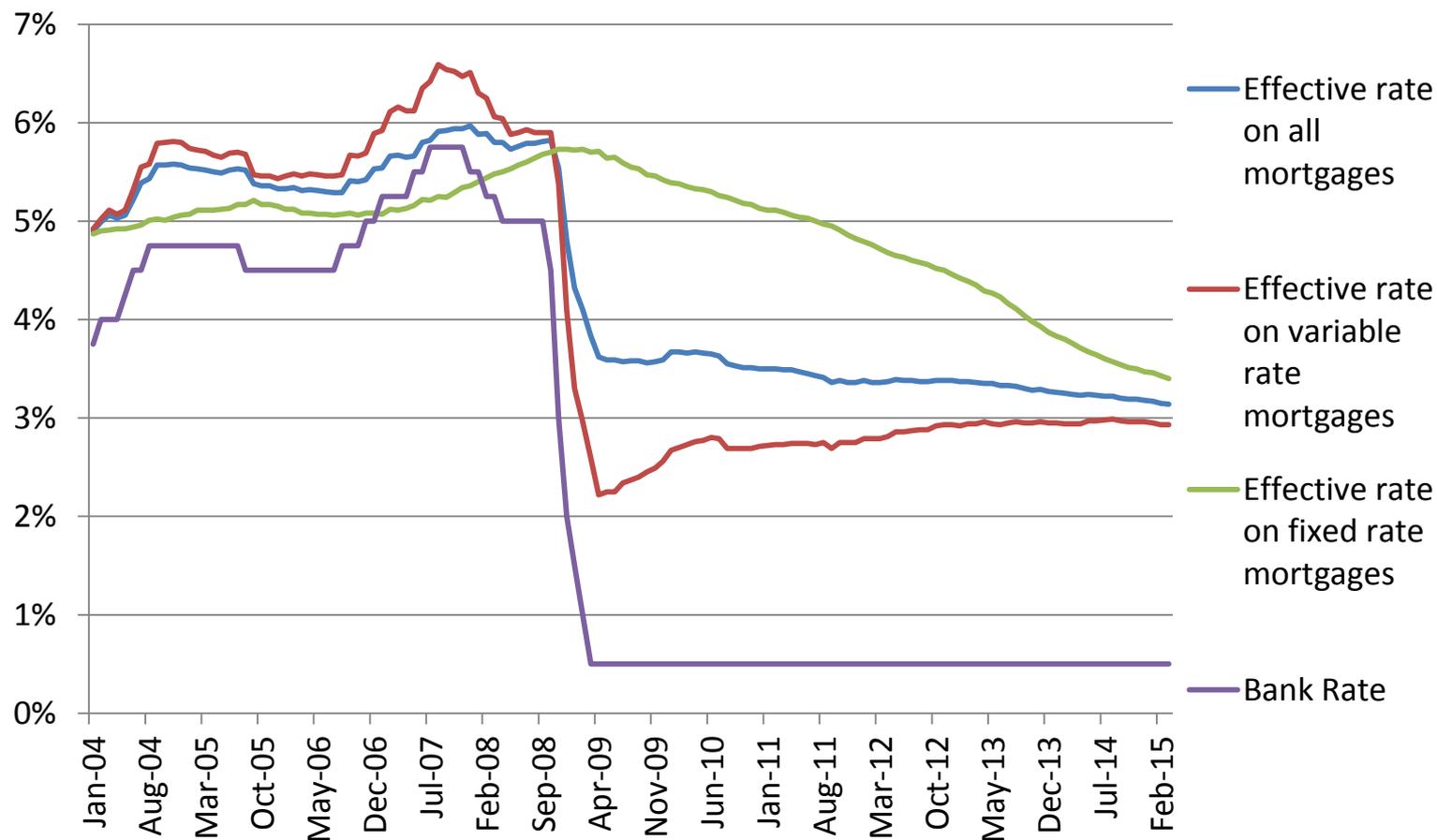
Proportions of new fixed rate loans - by length of fix



Caveat: Only 41% of the fixed rate loans in the database provided information on the length of the fix. Conclusions drawn from the chart above therefore assumes that the propensity to report the length of the fix is uncorrelated with the length of the fix.



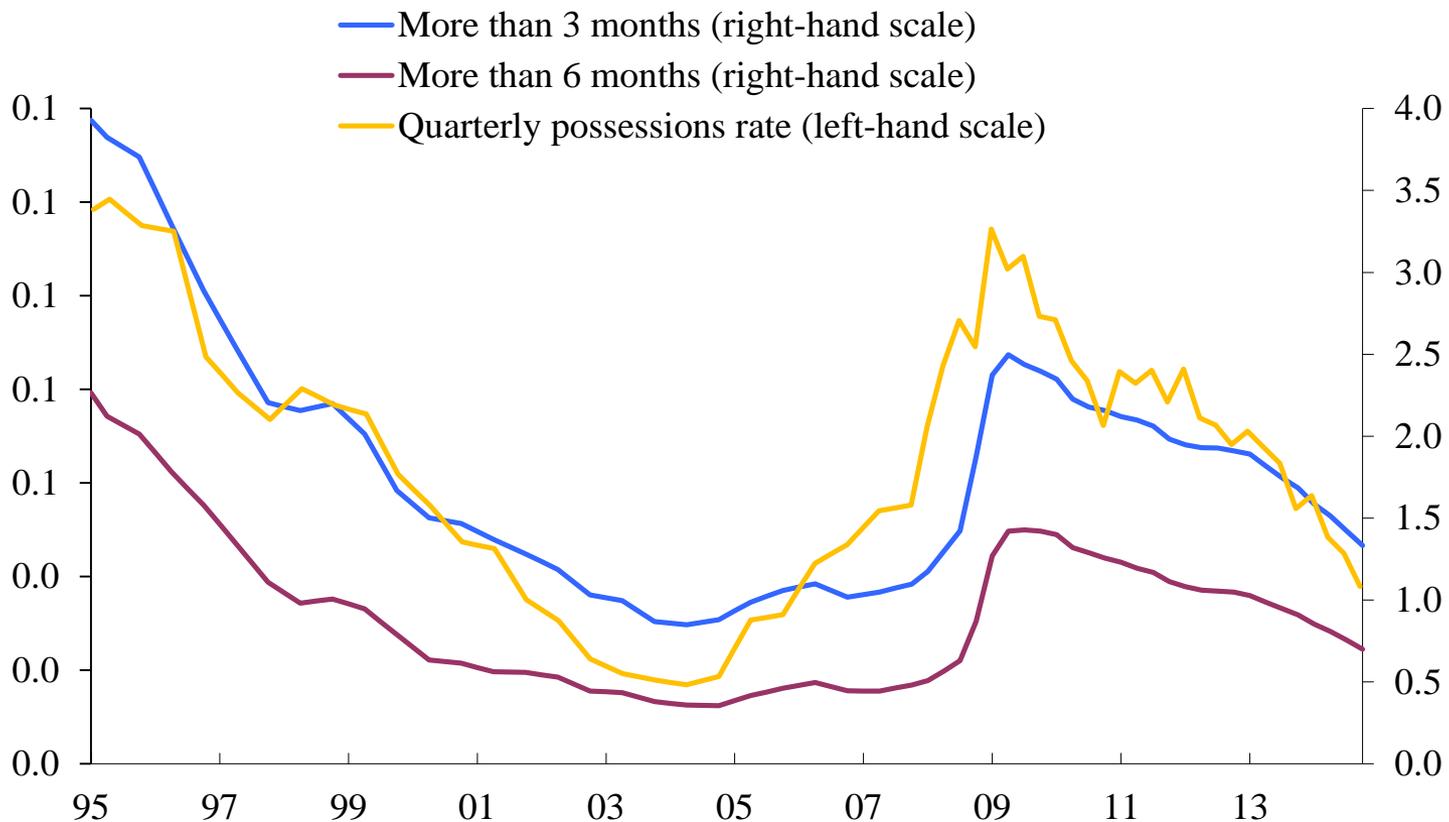
Effective interest rates on the stock of mortgages



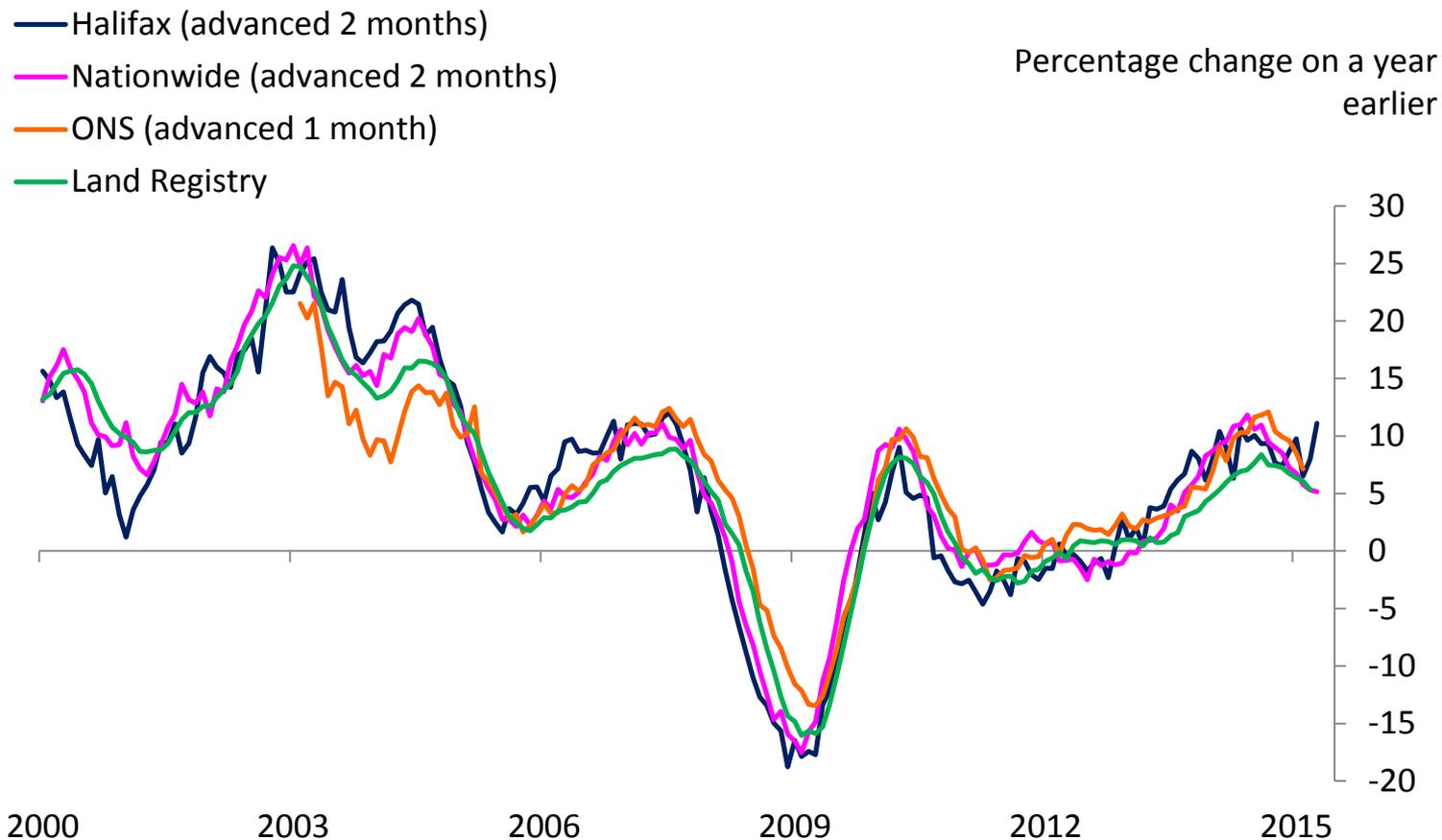
Mortgages arrears (stock) and possessions (flow)

Per cent of mortgages

Percent of mortgages



UK House Prices



Help to Buy: Equity Loans

Format and Eligibility

- **New-build homes** in England with a maximum purchase price of £600,000 (c.\$900,000).
- **Minimum 5% deposit; maximum 20% government equity loan**; remainder (up to 75%) from conventional mortgage.
- **Must be the only property of the buyer.**

Fees and Repaying the Loan

- No fees for first 5 years; thereafter 1.75% p.a.
- **Cost of loan repayment depend on the market value of the property** at the time of repayment (or sale of property).

