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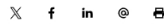
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First time buyers' 99% mortgage with £5k deposit launched



The product will enable first-time buyers across England, Scotland or Wales with a £5,000 deposit to purchase a property valued at up to £500,000 (Photo: RDNE Stock project/Pexels)

By **Tom Dunstan**

A 99 per cent mortgage product for first time buyers has been launched by Yorkshire Building Society and Accord mortgages.

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The building society said its fee-free deal will enable first-time buyers across England, Scotland or Wales with a £5,000 deposit to purchase a property valued at up to £500,000.

Under the deal, which is available to first-time buyers only, borrowers could take out a five-year fixed-rate mortgage at 5.99 per cent.

Yorkshire Building Society director of mortgages, Ben Merritt, said research by the society found £5,000 is the amount that could shorten the time needed for first-time buyers to get mortgage-ready.

He added that it could help to encourage a "level playing field for those who don't have financial support from their families to fall back on".

Industry reaction

The mortgage industry displayed mixed reactions to the announcement.

MortgageShop.com financial adviser, Gary Bush, said the product "breathes some much needed fresh air" into the market to help those struggling to buy a house.

Bush added: "A round of applause for the innovation displayed here by this Northern lender that has national reach."

Stamford Home Finance mortgage expert, Peter Stamford, said it was a "bold move" and that, while the affordability will be tough, it could be an "incredible opportunity" for first time buyers.

"I have a feeling these are going to be snapped up. Act quickly," he added.

But Lawson Financial director, Michelle Lawson, said the tight criteria could mean that just a small handful of borrowers will qualify.

Similar caution was displayed by R3 Mortgages director, Riz Malik, who warned the product has several conditions and so it will be "interesting" to see how many people "get over the finish line".

Some negativity towards the announcement was shown by SEMH Self-Employed Mortgage director, Graham Cox

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"Trying to address 'affordability' issues with demand-side solutions like this is akin to coming up with a 80-year payment plan for someone on minimum wage to buy a Ferrari," he said

"Potentially, a borrower could put down just 1 per cent deposit. What happens if they lose their job and the value of the property falls 5 per cent?"

The new mortgage is available directly to customers and via brokers through Accord Mortgage, the lender's intermediary-only arm.

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