

PRESS RELEASE

Embargoed until 0001hrs on Wednesday 16 March 2011

LLOYDS TSB ACTS ON CALL FOR FIRST TIME BUYER INNOVATION

Lloyds TSB today introduces Local Lend a Hand - a new concept designed to help first time buyers purchase a home with a deposit of just 5%.

Raising a deposit is a crucial challenge for many first time buyers looking to take their first steps onto the property ladder, and is highlighted by many as the key hurdle to buying their first home.

Responding to calls for further innovation in the first time buyer market, Lloyds TSB has worked with Sector Treasury Services, part of the Capita Group, to develop its unique Lend a Hand product to address this problem. Local Lend a Hand will enable borrowers to buy their first home with a deposit less than the 10% required by most mortgage lenders.

The Lend a Hand product range already includes products that allow first time buyers and homemovers with a smaller deposit to buy a home with the support of a 'helper' - usually parents or other family and friends.

With the new initiative, Local Lend a Hand, Lloyds TSB is inviting local authorities to take the role of 'helper'. Lloyds TSB is currently working with Sector Treasury Services to pilot the scheme with local authorities including Blackpool, Warrington, Newcastle under Lyme and East Lothian, with a view to fully establish the scheme across the UK throughout 2011.

Stephen Noakes, commercial director, mortgages comments, "We know that a lot of young people turn to the Bank of Mum and Dad to get their foot on the ladder, but that's not a solution for everyone. By developing Local Lend a Hand and working with local authorities across the UK, we're broadening the prospect of home ownership to even more first time buyers.

"Helping people to buy their first home is crucial in achieving and maintaining a sustainable housing market. With Local Lend a Hand, we're taking our existing Lend a Hand product to another level and addressing the real challenges first time buyers face."

How Local Lend a Hand works

- Each local authority will agree where in their area the scheme will be available.
- Subject to usual lending criteria, first time buyers will then be able to view properties within that area and choose their new home.
- Local Lend a Hand is for loans between £25,000 and £350,000, but the maximum loan size will be dependent on the local authority.
- The first time buyer will put down at least 5% of the value of the property, and get the Local Lend a Hand mortgage for the remaining amount.
- The local authority will provide a cash backed indemnity of up to 20% of the property value as additional security. Interest will be earned on this amount.
- The first time buyer will own the property in its entirety (unlike shared ownership schemes).
- The fixed rate mortgage products that will be available for first time buyers during this scheme will be at a lower rate of interest than would normally be available for this level of deposit, helping them with the cost of their monthly payments.

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Notes to editors

- In the event of repossession and subsequent shortfall sale LTSB will call on those funds to make up the shortfall