Loan to Value

Money

The single number that most affects your mortgage rate.

LTV = loan ÷ property value, as a percentage. Lower is cheaper.

$$LTV = (\text{loan} \div \text{value}) \times 100$$

£180,000 loan on a £200,000 home — **90% LTV**

A common first-time band.

£150,000 on £200,000 — **75% LTV**

Materially better rates.

£120,000 on £200,000 — **60% LTV**

Usually the best band available.

THE COMMON MISTAKE

× **Ignoring the band boundary**

✓ **Check what deposit reaches the next band down**

Rates step at 95, 90, 85, 80, 75 and 60%. Landing at 90.5% costs the same as 95% and much more than 90%.

General education. Rising house prices lower your LTV over time, which is why remortgaging can improve the rate.