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closed on a $905,000 Manhattan Beach town house using "piggyback" financing: a two-mortgage deal designed to minimize the down payment.

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Real estate agent Mickey Knickerbocker was as surprised as anybody when her client closed on a $905,000 Manhattan Beach town house using "piggyback" financing: a two-mortgage deal designed to minimize the down payment.

Popular during the housing boom, piggybacks all but disappeared after the mortgage meltdown taught banks and regulators a big lesson: Borrowers needed to have skin in the game. So the loans seemed like a throwback to the days of carefree lending, especially on such a pricey property.

"I don't think, a year ago, I could have gotten loans that would have served this purpose," Knickerbocker said. "I didn't even know ... that this was going to be possible."

With home prices rising, risk is creeping back into mortgage lending. In addition to creative down-payment arrangements, mortgages on high-end properties — so-called jumbo loans — have also gotten plentiful and cheap. Meanwhile, banks are accepting borrowers with lower credit scores and allowing them to take on more debt relative to their incomes, experts and industry professionals say.

"We are definitely not seeing the looseness we saw during the boom years, but it seems to me that the pendulum is swinging back," said Erin Lantz, director of real estate website Zillow.com's mortgage market.

The relaxing of standards comes as banks rely more heavily on new home loans to replace big profits from the recent boom in refinancing, driven by historically low rates. As demand for refinancing declines — and interest rates start to rise — some analysts say an improving economic outlook will cause banks to lower standards

From March 2011 to March 2013, Zillow's Mortgage Marketplace saw a nearly sevenfold increase in the number of lenders offering mortgages with down payments of 3.5% to 5%, the company said. And those loans were not Federal Housing Administration loans, which allow down payments of as little as 3.5%.

Major banks say they are making new mortgage loans to buyers a major focus. In California, Wells Fargo also lowered the size of its down payments on certain loans from 10% to 3%, said Larry Garcia, Los Angeles coastal area sales manager.

"We have had a huge emphasis on the purchase market for really quite some time," Garcia said.

Bank of America has noticed interest from buyers who are looking to expand into bigger homes.

"The overall economic picture is certainly better," said Franco Terango, an executive with Bank of America Home Loans. "The overall picture from an equity standpoint is better for folks who are interested in moving up."

And financing options that were widely unavailable during the bust are also starting to return.

"More people want to buy, and prices are going up. So the banks are willing to loan," Glendora real estate agent Zak Bushey said. "They wouldn't be lending with little down if they thought there was any chance that [prices] were just going to stay here, or come back down."

The return of piggyback loans is a clear sign of mortgage bankers' shifting outlook. Typically, such arrangements allow buyers to take one mortgage for 80% of the home's value, and a second mortgage for 10%, allowing the buyer to put down a lot less cash.

Paying higher interest on the second mortgage, about 5.25% in today's market, can

helping to finance deals in a rapidly rising market, where many properties are fetching competing bids.

"The flexibility in down payments is really a big factor right now, especially with the rising prices," Rodeo Realty agent M. Tyson Flynn said. "Because prices have come up, it helps to put less down."

Aaron Scott, also an agent with Rodeo Realty, said he recently had a client purchasing an $850,000 home with a 10% down payment.

"We are seeing more products becoming available, with 5% down and 10% down, more regularly than were a couple years ago," Scott said. "You find that they are able to find more and more solutions."

As the housing markets have begun to improve, the minimum down payments for jumbo loans have also declined. After the mortgage meltdown, jumbo loans — if you could find one — often required more than 30% down. Now, jumbos with 20% down payments are common.

"Three years ago, almost nobody had jumbos," said Jeff Lazerson, an independent mortgage broker in Laguna Niguel who works with about 10 lenders. "And now, I have just one lender who doesn't have a true jumbo."

Jeff Leininger, 40, put 20% down on an $865,000 home in Agoura, where he's moving with his wife and two children. The interest rate is about 4%, just slightly higher than a conventional loan that qualifies for the backing of Fannie Mae. "It didn't totally price us out by going to the jumbo," he said.

Will Lin, a 30-year-old engineer renting in West Los Angeles, is looking to buy a single-family home in Westchester with his girlfriend. The couple recently bid on one home that caught his eye, offering $725,000, for which he was pre-approved to

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