

What types of mortgages are there?

Choice is great. But it may seem confusing.

A little preparation and research can help you enjoy the process a lot more.

Happy house hunting!



SO WHAT TYPE OF MORTGAGE MIGHT I FIND?

1

FIXED-RATE MORTGAGE

Interest rates have started to rise, but remain low compared to ten years ago. If interest rates do go up, a fixed-rate will mean just that – your rate will stay the same for as long as it's fixed.

2

STANDARD VARIABLE RATE (SVR)

The SVR is commonly the long term rate of interest which is charged once the introductory period, discounted or tracker period ends. Some lenders may also let you take out a mortgage on their standard variable rate. Your lender decides the rate and may decide to increase or decrease it over the period of your mortgage.

3

INTEREST-ONLY MORTGAGE

This means you only pay the interest, so the amount you owe doesn't reduce. These mortgages may be hard to find, especially if you can't convince the lender that you'll have some way of paying it off in future (such as an investment elsewhere).

4

TRACKER MORTGAGES

These follow the Bank of England's Base Rate and rise or fall along with it. There are 'lifetime' trackers – for the life of the mortgage, and fixed period trackers – which may be for two or three years.

5

BUY TO LET MORTGAGES

If you are buying a property to rent out you will need a Buy to Let mortgage. You may need to gather plenty of information such as tax situation, letting fees, insurance and other costs before going ahead.

GET INFORMED

Do some research, use online calculators and speak to people about their experiences. If you would like advice as to which mortgage may be suitable for you, make an appointment to see a mortgage advisor. They will review your financial situation and will provide suggestions and recommendations as to which mortgage product is most suitable for you based on the information you provide.

Think carefully before securing other debts against your property. Your property may be repossessed if you do not keep up repayments on your mortgage.