

# Choosing the right mortgage

With so many different types of capital repayment mortgage, how do you choose the one which is right for you? Our experienced consultants will help you decide which mortgage is best for both you and your circumstances.

## Discount Mortgage

For a set period at the start of your mortgage the lender will offer you a lower rate of interest than the lenders standard variable rate. Your payments will fluctuate with the standard lending rate but will remain below the rate for the initial period.

## Fixed Rate Mortgage

At the start of your mortgage for a set period the lender will guarantee that the interest rate you are charged will remain the same for a fixed period. If money is tight this option can help you budget as you will know exactly what your mortgage payments will be.

## Tracker Mortgage

Most tracker interest rate mortgages follow the Bank of England base rate, therefore your mortgage repayments could fluctuate. This may not suit some first time buyers or people on tight budgets.

## Flexible/Offset Mortgage

Often called a 'lifestyle' mortgage, these mortgages give borrowers some flexibility, for example,

- You can make over payments without penalty
- You can take payment holidays (although these are added to the end of your loan)
- Extra borrowing against money already paid off your mortgage

# Your mortgage, your choice...

## Interest only Mortgage

With this type of mortgage you are simply repaying the interest borrowed and none of the capital, so repayments are lower. However, as none of the capital is being repaid you must make arrangements to pay back the loan at the end of your mortgage with a savings or investment plan, endowment or pension policy.

Interest only mortgages can be changed to a repayment mortgage in the future, however you may incur a small fee from your lender.

## Capital Repayment Mortgage

There is one payment with a repayment mortgage, which is split between repaying the loan and repaying the interest. Traditionally the mortgage term is 25 years and at the end when the loan is repaid you will own your property outright.

Depending upon the type of mortgage that you have, some lenders will allow you to make overpayments to pay off your mortgage quicker.