

Published based on [An Explanation Of The Different Types Of Mortgages](#)

# **An Explanation Of The Different Types Of Mortgages**

When shopping around for a mortgage in the UK, the different options and features can create such a staggering number of variations the experience becomes confusing. However, breaking down the various components and options of these mortgages provides some clarity and simplify your prospects significantly. When choosing your mortgage you should concentrate on three major aspects, the repayment strategy for your capital, the rate options, and the term options.

In choosing to pay back your capital, you have two main options from which to choose. The first is a simple repayment mortgage. Under the terms of this mortgage each of your payments will go toward a small portion of the borrowed capital, as well as the interest. Once you have finished all payments in your mortgage you will have paid off the entirety of the underlying capital and the accrued interest. Your other option is an interest only mortgage. Under this mortgage your payments only go to paying off the interest on the loan. Once these payments are finished, you will owe the complete balance of the capital.

After choosing the payment option, it is best to consider the rate terms you would prefer. The first choice available is a fixed rate. Under this plan you will enjoy a rate that will not change over the life of the terms. This is most helpful when you have budgetary concerns or a fixed income, or if you anticipate the mortgage rate market will increase. Conversely, you may also choose a variable rate mortgage. This rate will recalculate every year based on the financial market. This will fluctuate over the terms of your mortgage, but is desirable if you are entering into a mortgage when rates are at their pinnacle. Often times, accepting the variable rate will allow the rates to return to their equilibrium, at which point you can continue the variable rate or refinance.

Finally, you should choose whether to accept a long term or short term mortgage. This can vary from two year variable rate mortgages to 25 year fixed rate mortgages. In choosing your lease length, you should take into account your down payment, and decide what mortgage length gives you enough latitude to make payments with your other financial obligations. In conclusion, breaking a UK mortgage down into its various parts can illuminate the entire process, as well as clear up confusion. Once done, choose the particulars that will provide the most benefit to you in your particular situation. Pay special care to the repayment strategy, the interest rate choices, and the length of terms in addressing your mortgage.

Now Try - [Mortgage Calculator](#)