

## Sniffing Out Discounted Mortgages

When it comes to purchasing a house, the mortgage is the right choice. These days, there are many kinds of mortgages which may be suitable for us. Most commonly, we have a choice between fixed rate mortgages and adjustable rate mortgages. The former type of mortgage charges a fixed rate of interest that has to remain the same for the entire period of the loan. The latter, as the name suggests, charges an interest rate that fluctuates depending on the rates in the market that are prevailing. Over the years, a majority of people have chosen to go along with the fixed rate mortgage type. Given that mortgages usually have long tenures, it would be advisable to choose a deal that charges a fixed interest rate. This makes it easier to plan one's budget later on, and it also provides a sense of security to the borrower at times when the market suggest that rates will rise.

This is not to say that mortgages with adjustable rates should be stayed away from. If one is lucky, one can avail of significantly lower rates if the interest rates are relatively low. This is an advantage that is absent in the case of fixed rate mortgages. The latter guarantees that the interest rates will not rise. But it does not suggest that money can be saved in case the interest rates do drop. Thus, there is in both cases, an element of chance. Government policies that are put into effect after one has secured the mortgage generally have significant impacts on the amounts that must be paid off.

At the time of selection of a fixed rate mortgage one should be aware that lenders are likely to fix rather high interest rates so that they can make sufficient profits from the loan. Thus, even though a borrower might be inclined towards a fixed rate mortgage because the rate of interest will not rise, he may be losing out on savings that may be possible with a variable rate if the interest rates happen to fall. If government policies make sure that lower rates come into play, a person with fixed rate mortgage would discover that he is being made to pay monthly repayments. Thus, it may make a lot of sense to find a discounted mortgage which offers adjustable rates of interest.

These days, most loan providers offer great mortgages with high discounts. Greater discounts are usually offered on the less popular adjustable rate mortgages. Stay alert for the best deals and one should manage to save up quite a bit.

Source: <http://www.articlecircle.com>

### About the Author

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