

Fixed Rate Mortgages Pros And Cons

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Here is one view of fixed rate mortgages pros and cons. There are several benefits worth considering when trying deciding if a fixed-rate mortgage is right to you. Unfortunately like many things in life, for every advantage, there seems to be a disadvantage.

The first thing to keep in mind that just because your friend at work thinks that fixed rate is the only way to go for a mortgage. And your father says he has never had a fixed rate, and never would have one.

That does not mean either of them are correct. The point is that it is a matter of personal circumstances, needs, and your current financial situation. Especially with regard to interest rates, that should govern if a fixed rate mortgage is the right one for you or not.

Whichever mortgage type you choose, it is essential that you get all the information you can, and seek professional assistance to help you choose which is the most suitable type of loan for you.

Below we have set out some fixed rate mortgages pros and cons for you to consider.

There can be several benefits to obtaining a fixed rate mortgage. The first and most appealing benefit for many people is the fact that the interest rate and monthly payments remain constant.

This means that a sudden rise in interest rates will not affect you, and you will not suddenly have to pay considerably more for your mortgage each month. In the early 80s, interest rates went from 7 to 14 percent literally, overnight.

Within a few days, they did settle at just over 9%, but even this increase of just under 2%, was a crushing blow for tens of thousands of homeowners, who subsequently lost their homes.

With a fixed-rate mortgage, you would be protected from that kind of wild fluctuation. With a fixed-rate mortgage, you know where you stand, and how much money you will need each month to fulfil your mortgage.

The fixed rate mortgages have several pros and cons this is defiantly the main advantage. They are also very straightforward and simple to understand. Because of these advantages, a fixed-rate mortgage often appeals to younger people and first-time buyers who need to know exactly what the monthly cost will be over the next few years.

There are also fixed rate mortgages cons, to consider. All of the above assumes that interest rates will go up; therefore you will save money each month compared to what you would have to pay the higher interest rate. But with volatile economic problems arising all the time, and world events such as rises in oil prices. The government is sometimes forced to raise or lower interest rates to help the economy remain stable. So it is just as likely for interest rates to go down,

instead of up.

If they go down you would be paying more for your mortgage than you need to, but in most circumstances it is always possible to move to a flexible style mortgage.

Another problem fixed term there is that if you decide to move your mortgage to another company at the end of a lower interest period. There will be fee's payable not only for the implementation of the new mortgage, but also in the paying off your old mortgage.

Whatever type of mortgage you choose, it is essential to get as much quality information as you can find from a well-trained and respected broker. You need to be fully aware of fixed rate mortgages, pros and cons.

A mortgage is a big commitment and needs to be very carefully considered no matter what type of mortgage you are interested in.

Joe Kenny writes for Glitec.org, offering mortgages in the UK, visit them today for cheap cheap mortgages or visit Rebuild.org for great mortgage loans.

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