Mortgages

Gordon & Co. are unauthorised to give detailed mortgage advice, however, we can give a few general details of what can be involved.

Research what mortgage is best for you!

What is a mortgage?

A mortgage is an agreement between a lender and individual(s) to borrow money for the purpose of buying a property.
In simple terms – the property acts as security against the loan, meaning it can be repossessed and sold if the mortgage repayments are not paid.

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How can I get one?

There are a number of mortgage options available. The trick is to find the right one for you.

It is a good idea to do your own research so you are armed with some basic knowledge of what is on offer.

You can apply directly through a High Street bank, but they will only be able to offer a limited range of mortgages, where they will be the lender.
It is possible of course, to go to a number of different lenders to obtain comparisons.
The alternative is to speak to an independent financial adviser, or mortgage broker, who will have the option to go to a wide range of mortgage lenders and provide you with a good variety of suitable products.

Most brokers will not charge for an initial consultation, and it is unlikely that you will be charged a fee until you have exchanged contracts on the property you are purchasing. You are under no obligation to act on their recommendation, nonetheless, they should be able to explain your options and help you to find the best deal. Opt for a mortgage broker who can give advice for the whole market.

What is a Fixed Rate Mortgage:

A fixed rate mortgage is simply a type of mortgage that guarantees your mortgage payments over a set period of time.

A fixed rate mortgage is usually for an initial period, anything from one to 10 years. After the defined time period ends, your mortgage will move onto a variable rate. This is normally a tracker rate or your lender's Standard Variable Rate. This new rate will no longer give you the same kind of guarantee with the amount you owe. During the initial fixed rate period, your payment will remain the same, irrespective of what variable mortgage interest rates do.

So, while you're protected if rates go up, you could also end up paying over the odds if interest rates fall during this period.

A fixed rate mortgage will also usually have an Early Repayment Charge if you want to re-mortgage or repay your mortgage in full during the initial fixed rate period.

However, most fixed rate mortgages will allow you to make overpayments, typically up to 10% of the outstanding balance per year.

What is a Variable Rate Mortgage:

With a Variable Rate Mortgage, the rates (or amount you owe per month) move up and down (or track) in line with changes to the Bank of England base rate, meaning that your payment can fluctuate as well.

Most lenders offer a standard variable rate mortgage (SVR). The fees associated with taking out, or re-mortgaging from, an SVR mortgage are often relatively low.

Your home may be at risk if you do not keep up payments on your mortgage!