

EXPLANATION OF DIFFERENT MORTGAGE TYPES

FIXED RATE

A Fixed Rate Mortgage provides a rate that is set for a specific period of time. This is usually 2, 3, 5, 7 or 10 years. This means that should interest rates change during the fixed rate period then your mortgage rate would remain the same until your fixed rate expires.

Please note that at the end of the fixed rate period the interest rate charged will be the lenders variable rate. This rate could be higher than the fixed rate.

DISCOUNTED RATE

A Discounted Rate Mortgage provides a rate that is set at a percentage below either the lenders variable rate or Bank of England Base Rate. Your rate will be set for a specific period of time however should interest rates change during the discounted rate period then your mortgage rate will change. This may be up or down depending on how the variable rate changes. Lenders normally change your rate at the start of the next month following any interest rate changes.

Please note that at the end of the discounted rate period the interest rate charged will be the lenders variable rate. This rate could be higher than the discounted rate.

TRACKER RATE

A Tracker Rate Mortgage provides a rate that is set at a percentage above either the lenders variable rate or Bank of England Base Rate. Your rate will be set for a specific period of time however should interest rates change during the tracker rate period then your mortgage rate will change. This may be up or down depending on how the variable rate changes. Lenders normally change your rate at the start of the next month following any interest rate changes.

Please note that at the end of the tracker rate period the interest rate charged will be the lenders variable rate. This rate could be higher than the tracker rate.

VARIABLE RATE

A Variable Rate Mortgage is set at the lenders current variable rate and is normally for the term of your mortgage. When interest rates change your mortgage rate will also change. This may be up or down. Lenders normally change your rate at the start of the next month following any interest rate changes.