

## Give Yourself Payment Stability with a Fixed Rate Mortgage

A fixed-rate mortgage deal means that you will agree a set amount to pay back to the lender each month, at a pre-arranged rate of interest. Unlike other mortgage types where your monthly repayments are dependent on the Bank of England base rate, you would know exactly how much you had to pay back each month and could therefore budget accordingly. A fixed-rate mortgage is a suitable choice for those who do not like to introduce too much risk into their borrowing. More info

Undeniably, with the base rate currently at an all-time low, it is widely accepted that a price increase for fixed-rate mortgage deals is imminent. For lenders, the cost of funding fixed-rate lending (known as the 'SWAP rate') will also be on the rise, and the increase will be passed on to consumers.

Therefore, it may be advisable to act now if you want to secure a competitive deal on a fixed-rate mortgage.

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### Fixed Rate Mortgage Advantages

- Fixed rate stability allows you to plan ahead. With stable monthly payments, you can safely plan ahead with your finances because you'll at least know how much you'll have to pay for your mortgage each month. There won't be any sudden increases in your payment amount, so you'll know how much you'll have left for other expenses after making your payment.
- Extra payments will be applied to the principal. In the beginning, all of your payments will go toward paying off the interest of your fixed rate mortgage. Later, your payments will be applied to the principal. However, if you make overpayments, that money will be applied to the principal, and you'll be able to pay your loan off sooner.
- Your interest rate will remain stable for up to 15 years. When you go for a longer-term mortgage deal such as a 15 year fixed rate mortgage, you can guarantee that, whatever happens in the housing market, your interest rate will remain stable over this period. Speak with your lender to set the fixed rate term of your loan.