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Dreams Become Real By Way Of A Home Mortgage

Purchasing a dream house is one of the major milestones of any individual's life. There is a day to day increase in real estate prices. The designer and flashy homes, which appeal us the most, are beyond the financial capabilities of a lot of individuals. However, this fact should not deter us from fulfilling such a dream. With low interest mortgages becoming widely available, even the common man can now become homeowners.

Starting with the basics, mortgage is a type of loan that any individual can take, in order to buy a home or a property. The property being bought is used as collateral to the loan, this often means that if the repayments schedule of the mortgage is not complied with fully, the lender can take the possession of your property, and sell it to recover his amount.

Any mortgage deal whether it is the first one, or a remortgaging effort, requires a lot of hard work. The best advice given by any lender is cleverly disguised to suit his interest the most. So, the first thing that any borrower should do is to take a closer look at any lender's advice and compare it with other offers floating in the market. There are a lot of decisions you have to take before selecting the mortgage that works best for you and fetches you the best deal. The two main things that require the greatest attention are the interest rates charged for the mortgage and the repayment method of the mortgage.

The rate of interest to be paid for mortgages are determined by the base rates prevailing in the loan market. A borrower should select a low interest mortgage, since the lower the interest rate, the monthly repayments too will be lower. At any given point of time the borrower might get hundreds of offer for mortgage. Each lender has its own set of conditions and charges. The borrower is advised not to succumb to any offer with cheap initial interest rates; instead he or she should look at all the features of mortgage before accepting any deal.

As for the repayment method the borrower has two options – a repayment mortgage or an interest only mortgage.

In a repayment Mortgage, the borrower has to pay off the amount in equally spaced installments. The installments gradually recover the principal amount coupled with the interest from the borrower. Thus, the mortgage is fully paid by the end of agreed term.

In an interest only mortgage only the interest is charged in the installments. The principal amount is excluded from the monthly repayments. The arrangement to repay the principal amount is made by other means, usually at the end of the mortgage term or as agreed between the two parties. Some investment in shares, or stock is made use of in order to guarantee the mortgage amount. The borrower has to make sure that his investment grows, so as to pay the mortgage by the end of agreed term.

Most lenders will offer mortgage up to 95% of the property's value under consideration, but the borrower might have to pay a higher lending charge if he borrows more than 75% of his property value. There are other costs also, which are essentially involved with a mortgage. The lender might ask you to deposit an amount upto 3-10% of the asking price of the property. Valuation fees, solicitor's fees and higher lending charges also fuels an increase of mortgage price.

After deciding on a mortgage, the borrower has to apply formally to the lender. Care should be taken while filling in the details so as not to miss out anything. If he feels confused at any stage he should take the help of a financial advisor, instead of making wrong assumptions. The borrower will soon have a mortgage offer if everything goes as per plan.

Remember to check out [Toronto home agent](#) for you home selling or buying need.

Mortgage information can be found at [Chicago Mortgage](#) and the [mortgage forum](#)