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Introduction to Mortgage

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There are a number of different home loans in the world today and one of those types of home loan is what is known as a mortgage.

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Introduction

There are a number of different home loans in the world today and one of those types of home loan is what is known as a mortgage. Mortgages have been around for a very long time and will continue to be around for a very long time to come. There are a number of different reasons as to why the mortgages are so important in today's world and a few of the reasons for that are discussed in more detail below.

History

The history of the mortgage, first and foremost, is a history that shows a lot of people why mortgages are so respected in the world today. Before the advent of the mortgage as an agreement, there was no similar agreement in place and what that essentially meant was that the only people that had the ability to purchase property were the people that were able to pay for it outright; something that very few people then or now are able to do. Ultimately, when you take a look at the differences in the fiscal banking policy then and now, you can see that mortgages have made the dreams of millions come true specifically because they allowed a person to be able to purchase a house without having to be in possession of money equivalent to the property value of that house and lot.

Deal

The mortgage itself is a deal that a number of people have used in order to make their financial dreams come true and indeed the deal works something like this.

Mortgage providers are usually willing to loan the person up to 95% of the value of the house, which the person can then combine with their 5% down payment in order to purchase the house. Once purchased, the house then goes up as collateral against the loan from the bank and the person then proceeds to pay the loan back over a period of twenty to twenty-five years.

Advantages

There are many advantages to a mortgage that definitely deserve to be mentioned. Of course, the obvious advantage is the one that has been talked about already; namely that it is an agreement that allows you to become a home owner well before you would have otherwise had the chance to do so and therefore it allows many people with dreams of property ownership to fulfill those dreams well in advance of when they otherwise might have been able to do so.

In addition to that, there is also the fact that mortgages as loans will usually have lower interest rates on average than most other types of loans. Further to that point, most mortgages will also have a lower monthly repayment rate which ultimately serves to point out to the average observer that a number of different things about mortgages make them far better than any other loan available in the money lending market today.

Mortgages are interesting agreements and definitely ones that deserve a second look if you are interested in purchasing a piece of property.