About four years ago I was lucky enough to have gone to London for my Masters degree in International Business and Commercial Law. One day, as I got off woolwich arsenal train station and was strolling along the woolwich powis street, which is in the London Borough of Greenwich, scouting for a *fish and chips* shop, as my stomach was grumbling from the emptiness that was left by the KFC chicken from the previous night, I saw a window post at one of the major banks in England that intrigued me. The advert read *"paying too much for your mortgage?* It caught my eye and I had to walk in, only to be welcomed with a lovely lecture on Mortgages et cetera. It was such an eye opener that i felt like sharing with you, the reader, and perhaps others with the same predicament or the same question that I asked, *"which one is best when buying a home, cash or Mortgage?"*

By definition , according to section 2 of the Land Act, mortgage means an interest in a right of occupancy or a lease securing the payment of money or money's worth or the fulfilment of a condition and includes a sub-mortgage and the instrument creating a mortgage. I, for one know how bad it is live everyday looking over your shoulder because you are in debt and he has been calling you constantly asking for his way overdue debt. It happened to me once and I don't wish for it to ever happen again. So it is perhaps the same with getting a mortgage and acquires a massive debt while the banks are constantly on your neck to pay up. Carrying around a huge debt on top of other life challenges doesn't seem to be the smartest choice, or is it? Well there's a lot to consider when contemplating purchasing a home with cash versus obtaining financing via a mortgage from your banker.

Cutting costs

You see paying by cash to buy a home eliminates the need to pay interest on the loan.Paying all cash can also make your purchase offer more attractive to sellers. In a competitive market, a seller is likely to take a cash offer over other offers because they don't have to worry about a buyer backing out due to financing being denied or having to worry about buying a property and have go through the processes of having another person's mortgage transferred to you. A cash home purchase also has the flexibility of being transferred faster than one requiring financing, which could be attractive to a seller. Also, a cash buyer's home is not leveraged, which allows a homeowner to sell the house more easily that is he can even sell it at a loss regardless of market conditions. Do you just get a mortgage, no, you need to qualify for a mortgage, and not everyone qualifies for countless reasons. Having the lender pry into your personal and financial life may also be extremely annoying and frustrating,

But Mortgages Can Also Make Sense

Obtaining financing also has significant benefits. At times buying a house by way of mortgage maybe a good thing instead of cash for you can use the cash to invest in let's say a business of whose return you can use to pay for a mortgage and still earn a bit extra. Also, it makes since for example you buy a house and it need repairs but all the cash was used in the purchase. This would have been otherwise if you had purchased using financing via a mortgage and have some money for repairs and renovations. Paying cash also has tax implications. In most cases, mortgage interest payments are tax deductible. The reduced tax obligation may be an advantageous way to finance the house. Having a mortgage won't completely protect your money, however. If a homeowner left the funds in the bank and financed the house, judgment creditors could lien the bank account and use the majority of the funds to satisfy its claims.

Which is which?

The best advice when considering which option makes the most sense is to opt for the choice that leaves you with less stress and provide the greater return on your investment. Paying cash for the full purchase price of a house is similar to investing in a bond that pays the same interest rate you'd pay with a mortgage. For example, opting to not pay a 20-year mortgage with a 4.5% interest rate is essentially the same as realizing a 4.5% return on the investment price. If you decide to purchase a house with a loan, make sure you can easily afford the principal, interest, property taxes, homeowner association and other fees each month. And no matter how you pay for a house, make sure to have an emergency savings account equal to 6 to 12 months of expenses in case your personal economy declines and you need a financial boost.

Can You Get the Best of Both Worlds?

Well yes you can. You see you can buy a house with cash and a mortgage, not just either or. In other words, when you put 20% down, you're paying a good amount of cash and you finance the rest through a mortgage. By this you are able to avoid things like the mortgage insurance and that also help you lower your interest rates and better yet you have an equity investment. Further to that, if you decide your money isn't earning as much as you'd like, you can move more of it towards the mortgage balance. It doesn't have to be an either/or discussion. You can make adjustments based on your financial standing as time goes on. With cash, you can also pull equity via cash out refinance. So both options provide flexibility and security.

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