Best Mortgage Rates

Typically, the length of the loan will be around 2 to 5 years and can some times be as little as 6 months and as long as 10 years. Normally, the shorter the mortgage term duration, the lower the interest rate is and the less it costs to borrow the funds. As soon as the term ends, you could pay off the due balance or renegotiate the mortgage for one more term until the full mortgage has been paid in full.

Short Term
The short term mortgage contracts or agreements are those that are normally for 2 years or less. Short term mortgages provide a less interest rate with their cost of borrowing compared to a longer term. These terms are common with people who feel that interest rates are currently higher than they will eventually be. Short term contracts are normally chosen by people who anticipate that interest rates would be less at the time of renewal.

Long Term
A long term agreement would generally span at least three years. This particular kind of mortgage features a higher cost than short term mortgages as the interest rates are higher. For those borrowers who value the predictability and stability of fixed cost over a set period of time, a higher interest rate is appealing. It can be easier to budget a stable mortgage payment and this can bring peace of mind to lots of individuals.

To fully pay off your mortgage can take on average 15 to 25 years. The process of amortization is the paying off of principal loan installments and interest over a specific length of time. Recently, insurers and mortgage lenders have offered home owners longer amortization periods of 30, 35 and even 40 years.

There are different ways of paying back your mortgage. Some customers want the comfort in having a predetermined fixed rate as it enables them to plan and budget for other things in their To be able to repay your mortgage, there are various ways. Some want to have predetermined fixed rates that allow them to completely plan their budget for the foreseeable future. Other consumers prefer more flexibility in their repayment. Some of their situation may involve wanting to make bigger payments whenever they could put more money down because of fluctuations in their cash flow. There are several different kinds of mortgages which appeal to different kinds of borrowers. A mortgage expert could clarify the differences and even help you choose what type is best for you.

Rates
An interest rate refers to the amount of interest charged on a monthly loan payment. This amount is expressed as a percentage. It is based either on the rate that the Bank of Canada charges to lend money lenders or on bond yields. Usually, interest rates are lower when you borrow money for a short time period and higher when you borrow money for a longer time period.

Fixed Rate Mortgage
Fixed rates imply that the interest rate on your mortgage would not change over the terms of the agreement. There are no surprises since you can always count on how much your payments would be and know how much of your mortgage will be paid off when the term ends.

Variable Rate Mortgage
When the borrower agrees to a fluctuating rate over the term of the mortgage, it is considered a variable rate mortgage. These rates could change from one month to the next because the interest rates fluctuate with the bank's prime lending rate. You pay the same amount when interest rates change, nonetheless, the amount that is applied to the principal will change. If interest rates drop for instance, more of your mortgage payment is applied to the owed principal balance. This type of mortgage is a good alternative for homeowners who think that the interest rates will drop eventually if they are presently high.