CANROYAL
MORTGAGE SERVICES

"A PASSION FOR SERVICE AND RESULTS"

Short Term or Long Term, Fixed or Variable?

Choosing between a short or long term and fixed rate or variable rate depends on:

- The level of interest rate risk you can take
- Your flexibility
- The level of security you need.

Generally, you get lower interest rates with a shorter term (i.e. 1 year) and higher interest rates with a longer term (i.e. 5 year).

Consider a short term mortgage when:

- You are willing to follow interest rates closely and risk a higher rate when your term is up for renewal.
- You think the current interest rate is high and expect interest rates to fall in the short term.

Consider a long term mortgage when:

- You prefer stability so that you are guaranteed the same payments for a longer duration.
- You think interest rates are likely to go up during your mortgage term.

In addition to choosing the length of your mortgage term, your mortgage interest rate can be fixed or variable.

Fixed Rate

A fixed rate is a guaranteed rate for the length of your mortgage term.

Consider a fixed rate mortgage when:

- You prefer stability so that you are guaranteed the same payments.
- You have a tight monthly budget.
- You are a first-time home buyer.

Variable Rate

A variable rate fluctuates with the market prime interest rate.

Consider a variable rate mortgage when:

- You can tolerate interest rate fluctuations in order to take advantage of possible lower interest rates.
- You are a seasoned home buyer.
- You have job stability.

Buying a home is one of the biggest financial decisions you will make. It's important that you are making an educated decision with someone looking out for your best interest. Canroyal Mortgage Company can help.

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