Mortgage Rates Burnaby

Mortgage Rates And Terms Which Could Really Help Customers Pick The Best Package

Terms
The term of a mortgage means the length of time a lender would loan mortgage funds to a borrower. This duration is usually 2 to 5 years, though it ca be from 6 months to 10 years. Typically, the shorter the mortgage term length, the lower the interest rate is and the less it costs to borrow the funds. Once the term ends, you could pay off the owing balance or renegotiate the mortgage for one more term until the full mortgage has been paid completely.

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 than a longer term. These terms are popular with individuals who feel that interest rates are presently higher than they would eventually be. Short term agreements are normally chosen by people who anticipate that interest rates would be lower at the time of renewal.

Long Term
The long term contracts are normally for at least three years. These mortgages generally cost a bit more compared to short term mortgages and hence the interest rate would be higher. For those borrowers who value the stability and predictability of fixed expenses over a set period of time, a higher interest rate is appealing. It could be easier to budget a stable mortgage payment and this could bring peace of mind to numerous people.

The typical time to completely pay off your mortgage can be quite awhile, from 15 to 25 years on average. Amortization is the process of fully paying off your loan by installments of principal and interest over a definite length of time. Recently, mortgage lenders and insurers have offered home owners longer amortization periods of 30, 35 and even 40 years.

There are several methods of repaying your mortgage. Some consumers want the comfort in having a predetermined fixed rate as it enables them to plan and budget for other things in their life. repay your mortgage, there are various methods. Some want to have predetermined fixed rates which allow them to completely plan their budget for the foreseeable future. Other customers prefer more flexibility in their repayment. Some of their conditions can include wanting to make bigger payments whenever they could put more money down because of changes in their cash flow. There are a variety of different types of mortgages which appeal to various types of borrowers. A mortgage expert could clarify the differences and help you choose what kind is best for you.

Rates
The amount of interest that is charged against the monthly loan payment is called the interest rate. Rates are expressed as percentages. It is based either on bond yields or on the rate which the Bank of Canada charges to lend money lenders. Generally, interest rates are less if you borrow money for a short duration of time and higher if you borrow money for a longer period of time.

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

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