



Mortgage Types

Over the past 30 years, mortgages have changed in many ways with new features that benefit consumers. Being comfortable with all aspects of your mortgage is a big part of enjoying your new home. There are many types of mortgage solutions and providers available to consumers today. Below is a sampling of the most common types of mortgages in

Canada today.

Variable Rate Mortgage - A mortgage with an interest rate that changes with the market. The rate changes each month, meaning that the portion of your monthly payment that goes towards interest may go up or down each month. However, your total monthly payment will probably stay the same.

High-Ratio Mortgage - The mortgage you obtain when you have less than 25% of the total purchase price to put down as your down payment. This type of mortgage must be insured (through sources such as CMHC or GEMI).

Closed Mortgage - A mortgage that has a fixed interest rate (usually lower than an open mortgage rate) and a set, unchangeable term. You cannot pay off a closed mortgage before the agreed end date without paying a penalty.

Convertible Mortgage - A mortgage that you can change from short-term to long-term, depending on your financial needs.

Open Mortgage - A mortgage that you can pay off, renew or refinance at any time. The interest rate for an open mortgage is usually higher than a closed mortgage rate.



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