TD Canada Trust

Choose the right mortgage for you!

Understanding the types of home financing options available is the first step toward finding the one that fits your lifestyle, budget and long-term needs.

So which one is right for you?

Short-term or long-term?

Mortgages are repaid in a series of terms which typically range from six months to ten years. At the end of each term, you can pay off your mortgage or accept a renewal offer from the lender with new terms.

A short-term mortgage is usually for two years or less. A long-term mortgage is usually three years or more. Short term mortgages are appropriate for customers who believe interest rates will drop and are willing to accept more risk of rate fluctuations at renewal. Long term mortgages are chosen by people who want to lock in their rate and not have to worry about rate fluctuations for several years.

Fixed or variable interest rate?

When you take out a fixed rate mortgage, your interest rate will never change throughout the entire term of your mortgage. As a result, you'll always know exactly how much your payments will be and how much of your mortgage will be paid off at the end of your term.

With a variable rate mortgage, your interest rate may vary from month to month. When rates change, your payment amount remains the same. However, the amount that is applied toward interest and principal will change. If interest rates drop, more of your mortgage payment is applied to the principal balance owing.[1] This can help you pay off your mortgage faster.

Open or closed?

Open mortgages can generally be paid off at any time without compensation.[2] They are suited to homeowners who are planning to sell in the near future or those who want the flexibility to make large, lump-sum payments before the end of the term.

Closed mortgage are commitments for a specific term. If you want to pay off the mortgage balance, you will need to wait until the maturity date or pay compensation. In exchange for reduced flexibility, you will generally receive a lower interest rate than with an open term.

Conventional or high-ratio?

The amount of your down payment will determine if you require a conventional mortgage or a high-ratio mortgage. A conventional mortgage is a loan for no more than 80% (i.e. minimum 20% down payment) of the appraised value or purchase price of the property, whichever is less. If your down payment is less than 20% you'll be applying for what is called a "high-ratio mortgage."

A high-ratio mortgage must be insured by a mortgage default insurer such as the Canada Mortgage and Housing Corporation (CMHC) or Genworth Financial Canada. The mortgage insurer will charge you a fee for this insurance. The amount of the fee will depend on the amount you are borrowing and the percentage of your own down payment. Typical fees range from 0.5% to 3.70% of the principal amount of your mortgage. This amount can be paid up front or added to the principal portion of the mortgage. A Mortgage Specialist can help you determine the exact amount.

TD Canada Trust offers a wide variety of home financing options that each provide a unique combination of value and comfortable features. At TD Canada Trust, we have a mortgage option that is just for you.

Contact your local TD Mobile Mortgage Specialist
or visit tdcanadatrust.com/mortgages

[1]If rates rise, more of your monthly payment will go toward interest. At a certain point, you may have to choose from certain options regarding payment arrangements. Ask for details about the TD Canada Trust Variable Interest Rate Mortgages.
[2]Some conditions apply.