Long-Term mortgages and Short-Term Mortgages

Term is the period of time over which the interest rate, payment and other conditions are set, whereas Amortization Period is the number of years it will take to repay a mortgage in full. Mortgages often have three or five year term with 25 or 30 year amortization periods

When the term is expired, the mortgage is due and payable unless renewed.

Long-term Mortgage

A longer term offers a consistent rate and payment for the entire term. This can be beneficial when planning your budget for the next few years. If you do not have plans to make any changes to your mortgage for a few years, you may go for a Long-term mortgage.

Short-term Mortgage

At the end of the term, you can prepay or pay off without having to pay a prepayment charge. If you have plans to change your mortgage within the next couple of years, consider short-term mortgage.