

Adjustable vs. Variable Rate Mortgages

Variable Rate Products - Adjustable Rate Mortgage vs. Variable Rate Mortgage

Adjustable Rate Mortgage

- Amortization will not change, meaning the borrower will pay the same amount towards interest because the payments change
- Payments will change when the prime rate changes

Variable Rate Mortgage

- There is a cap on the mortgage rate, meaning the payments will not change as long as the prime rate stays within the buffer zone
- The portion paid towards interest and principal changes within the payment structure on a change with the prime rate

