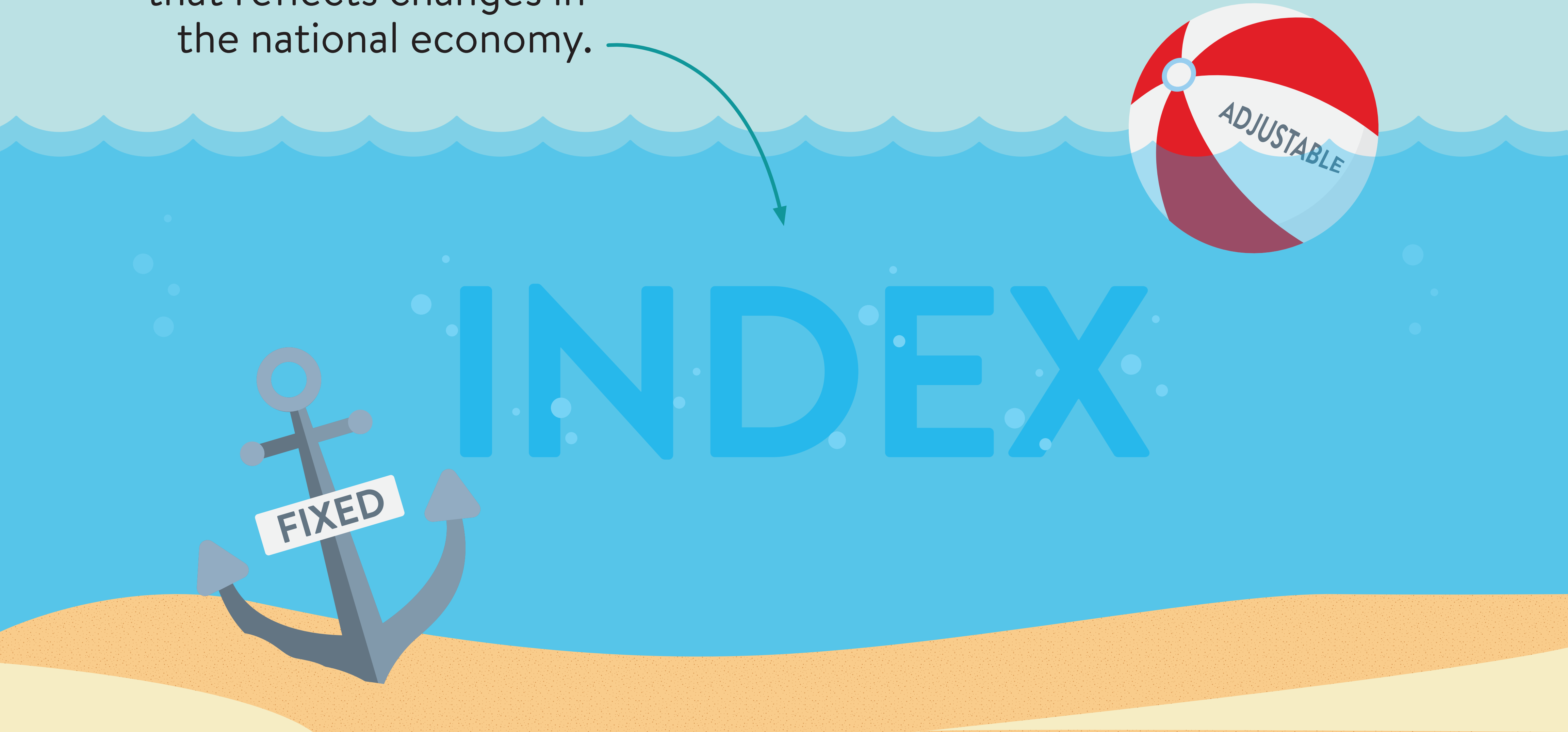
You'll need to decide between a fixed-rate and an adjustable-rate mortgage

Also known as a **variable-rate** mortgage

In a **fixed-rate** mortgage, the interest rate is set when you take out the loan and it does not change over time. The amount you pay monthly will stay the same for the entire term of your loan.

An **adjustable-rate** mortgage is based on a chosen index, so it changes throughout the term of your loan.

The index is a benchmark that reflects changes in the national economy.



If the index goes up,
so does your rate and the
amount of your payment.

If the index goes down,
so does your rate and the
amount of your payment.

Meanwhile, the fixed-rate interest rate and the payment amount stay the same.

FIXED RATE

- **Stays the same** throughout the entire term of the loan
- Consistent and **easier to budget for**
- Tends to have **higher interest** to counter the effect of rates rising in the future

ADJUSTABLE RATE

- **Changes over time** and is based on a chosen index
- Usually has a **lower advertised start rate,** which is very appealing
- Unpredictable and **harder to budget for**

Think about your income, your future, how long you plan to live in the home and your risk tolerance before deciding which type of mortgage is right for you.