Burnaby Mortgage Company

Methods To Pay Back Your Mortgage Quicker

There are several particular things you can do to be able to minimize the cost of borrowing and shorten the duration of your mortgage. There are many advantages to shortening your mortgage. The main advantage is that you would end up paying less for the cost of borrowing the money. You can free up money for other areas of your life, such as education for yourself or your children, an emergency fund and retirement money.

Among the easiest methods to pay down your mortgage faster is to increase the frequency of your payments and make more payments. It is wise to talk to your mortgage professional to have them explain to you the advantages of how much you would eventually save by making biweekly or weekly payments compared to monthly. The more frequent plan of payment could end up saving you hundreds of dollars in yearly interest costs.

It is a wise idea to put down the biggest down payment you could pay for. Doing this would significantly lessen the duration of time it takes you to repay the mortgage. When it comes time to renew your mortgage and if interest rates lessen, you may want to think about keeping your payments the same and applying more money to the principal.

The majority of mortgages will let you pay up to 20 percent of the whole mortgage once a year. If you make anniversary payments or prepayments the money is applied directly to the principal. This will save you a lot of money in annual interest costs. Some people choose to use their tax refund or annual work bonus for this type of payment.

Whenever your financial circumstances allow, it is good to make lump sum payments and double payments.

Selecting a shorter duration of time to repay your loan would save you much in the end also. Ask your mortgage professional to show you the breakdown in savings on how choosing a 20 year amortization period compared to to a 25 year amortization period would affect your payments and interest costs. If possible, consider selecting a 15 year term. Though your mortgage payments will be higher, you would end up paying substantially less in interest over the course of the loan.