

Chilliwack Mortgage Company

Paying Off Your Mortgage Quicker

There are several specific things you could do to minimize the expense of borrowing and shorten the duration of your mortgage. There are numerous advantages to shortening your mortgage. The main advantage is that you will end up paying less for the expense of borrowing the money. It is possible to free up money for different areas of your life, such as an emergency fund, education for yourself or your children and money for retirement.

Making more payments and increasing the frequency of your payments is one of the most effective and easiest methods to pay down your mortgage faster. It is better to talk to your mortgage professional to have them explain to you the benefits of how much you will save in the long run by making weekly or biweekly payments rather than on a monthly basis. The more frequent payment plan can end up saving you a lot in yearly interest costs.

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

Most mortgages will let you pay as much as 20% of the entire mortgage once per year. If you make prepayments or anniversary payments the money is applied directly to the principal. This will really save you lots of money in annual interest costs. Some people decide to use their tax refund or annual work bonus for this type of payment.

Other great alternatives consist of making double payments when possible and lump sum payments whenever your financial situation allow.

When selecting a time frame to pay back a loan, a shorter length timeframe would save you money in the end. When you next visit a mortgage professional, ask them to explain to you the breakdown of payments and interest costs on a 20 year amortization period as opposed to the longer 25 year amortization period. If possible, think about selecting a 15 year term. Though your mortgage payments would be higher, you will end up paying considerably less in interest through the course of the loan.