

Langley Mortgage Company

Why Repaying Your Mortgage Faster Can Truly Be Advantageous

Some key things which could be done against your mortgage, would help to shorten the length of mortgage and minimize the expense of borrowing. The main advantage is that you would end up paying less for the expense of borrowing the money. It is possible to free up money for different areas of your life, like for example an emergency fund, education for your children or yourself and money for retirement.

Increasing the frequency of payments and making more payments is among the most effective and easiest ways to pay down your mortgage faster. It is wise to speak to your mortgage professional to have them explain to you the advantages of how much you would eventually save by making payments on a biweekly or weekly basis as opposed to monthly. The more frequent payment plan could end up saving you a lot in annual interest costs.

Paying the largest downpayment you can pay for is another good idea. This would help to lessen the time it would take to pay down the mortgage and lessen incurred interest costs of borrowing. If interest rates decrease when it comes time to renew your mortgage, you may want to consider keeping your payments the same and applying more money to the principal.

Most mortgages would allow the borrower to pay one time every year for up to 20 percent of the mortgage. Anniversary payments and prepayments if made will go directly towards the principal. This would save you plenty of money in annual interest costs. Some people decide to utilize their annual work bonus or tax refund for this type of payment.

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

Selecting a shorter length of time to repay your loan would save you much in the end too. Ask your mortgage professional to explain to you the breakdown in savings on how choosing a 20 year amortization period compared to a 25 year amortization period would affect your interest costs and your payments. If possible, think about selecting a 15 year term. Even though your mortgage payments will be higher, you will end up paying considerably less in interest through the course of the loan.