

## Save on your Mortgage Langley

### Things Individuals Have To Do To Be Able To Repay Their Mortgage Sooner

Owning your own house outright is one of the most important accomplishments which a person can make in their lifetime. The sooner that your mortgage is paid off, the more money you will save on interest costs. You can take years off your loan by taking a few simple steps that would help make certain you are paying off your mortgage as efficiently as possible. Best of all, this method is completely free.

1. You will initially acquire your credit score before you begin to shop around for the best mortgage. The ongoing service fees which the mortgage company charges are normally reasonable, but it is wise to know exactly what fees would be charged before you finalize a loan. It can be in your best interests to consult a mortgage broker at this time.

2. Choosing either bi-weekly, monthly or weekly payments is the next step. A bi-weekly mortgage means that payments will be required 26 half-monthly payments instead of 12 monthly payments. Nonetheless, you will save a substantial amount on interest. It is important to remember that if your mortgage is initially set up as bi-weekly, your lender may charge you an upfront fee of \$300-\$400.

For example: if you make a payment of \$415 twice a month instead of a monthly payment of \$830, you would save approximately \$27,000 in interest and could own your home roughly 4-1/2 years faster.

3. The third step is to pay a little bit extra each month. Even a small increase of a few dollars will reduce the amount still owing on your principal amount. If you can pay an extra 10 to 15 percent each and every month then you will be in a good position to pay off your mortgage faster.

For example: You can save almost \$48,000 in interest and pay off your loan 8 years early by simply upping your payment from \$830 to \$1000 every month.

4. Making a lump sum payment at least once a year using your tax refund, work bonus or from saved money, this can significantly help decrease the amount remaining on your principal. It is a good idea to check your mortgage documents to see how frequently you are allowed to prepay and in what amount in order to make sure that you would not be subjected to any extra fees. Though the majority of mortgage loans do not prohibit you from paying off your loan early, some loans do have parameters regarding any extra payments which you can make.

5. It is a good idea to pay off as much of your mortgage as you can at renewal time. At renewal, you can pay off as much as you want because most mortgages become open.

6. Make sure that you check your mortgage payment to ensure that your additional payments are being placed straight against the principal. It is important that the bank correctly documents each payment which you make. Any additional payments that you make must be done using a separate cheque. On the memo line, make certain you note that they payment must be applied just to the principal. At the end of the year, when doing your taxes, compute the payments and make sure that the total amount that you paid has been applied correctly.

7. The last step is to make sure that you stay informed and up-to-date about your mortgage. New products are coming out each and every year and the interest rate is always fluctuating. There is the possibility that you may want to shop around for a better product as time goes on.

For instance: In the beginning you may have only been able to qualify for a lower-rate adjustable mortgage. At some point later on, you may decide to choose to a more long-term affordable fixed-rate mortgage.

It is not always in your best interest to pay off your mortgage more quickly. Like for instance, some people may decide to invest in mutual funds when the yields return 10 to 12 percent every year. Normally, the majority of people decide to pay off their mortgage instead.

If you are planning to move in the near future, it might be better to avoid investing your money. Saving your money for a down payment on your new home might be more beneficial then investing money into your present home.

It is quite possible for you to save thousands of dollars on your mortgage just by doing a little research and by following these simple steps. However, the banks won't tell you how to save money since that will make them lose money and their profits would come to a halt.