

Alberta Mortgage Company

Free Up Some Money - Pay Back Your Mortgage Quicker

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

One of the easiest ways to pay down your mortgage sooner 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 benefits of the amount you would eventually save by making biweekly or weekly payments rather than monthly. The more frequent payment plan can end up saving you hundreds of dollars in annual interest costs.

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

Nearly all mortgages will allow the borrower to pay once every year for as much as 20% of the mortgage. Prepayments and anniversary payments if made will directly go towards the principal. This would save you plenty of money in yearly interest costs. Some individuals decide to utilize their yearly work bonus or tax refund for this type of payment.

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

When selecting a time frame to pay back a loan, a shorter length timeframe will save you money in the long run. When you next visit a mortgage professional, ask them to explain to you the breakdown of interest rates and payments on a 20 year amortization period compared to the longer 25 year amortization period. If possible, consider selecting a 15 year term. Even though your mortgage payments would be higher, you would end up paying substantially less in interest through the course of the loan.