

## Methods to save on your Mortgage

Saving on your Mortgage - You would first obtain your credit score before you begin to shop around for the best mortgage. The ongoing service fees that the mortgage company charges are normally reasonable, but it is wise to know precisely what fees will be charged before you finalize a loan. It can be in your best interests to consult a mortgage broker at this time.

2. Selecting 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 rather than 12 monthly payments. Nevertheless, you will save a considerable amount on interest. It is vital to remember that if your mortgage is originally set up as bi-weekly, your lender could charge you an upfront fee of \$300-\$400.

Like for instance: if you make a payment of \$415 two times a month instead of a monthly payment of \$830, you will save around \$27,000 in interest and could own your own home around 4-1/2 years sooner.

3. Paying a little bit extra every month is the third step. Small increases in dollars would help reduce the total principal still owing. 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 sooner.

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

4. If you make a lump sum payment once a year, using your work bonus, tax refund, or whatever extra money you have set aside, you could decrease the amount remaining on your principal by a considerable amount. It is a great idea to check your mortgage documents in order to see how often you are permitted to prepay and in what amount in order to make certain that you will not be subjected to any extra fees. While nearly all mortgage loans do not prohibit you from paying off your loan in advance, some loans do have parameters regarding any extra payments that you could make.

5. At renewal time, it is wise to pay off as much of your remaining mortgage as you can. At renewal, you can pay off as much as you would like as the majority of mortgages become open.

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

7. The final step is to make sure that you stay informed and up-to-date regarding your mortgage. New products are coming out each and every year and the interest rate is always changing. There is the chance that you might want to shop around for a better product eventually.

Like 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. For instance, some individuals might choose to invest in mutual funds when the yields return 10-12% each year. Usually, nearly all individuals choose to pay off their mortgage instead.

If you have plans to move in the near future, it can be better to avoid investing your money. Saving your money for a down payment on your new house may be better then investing money into your current house.

By doing a little research and following these simple steps it is entirely possible to save thousands of dollars on your mortgage. Then again, the banks would not tell you how to save money as that will make them lose money and their profits would come to a standstill.