

pre-paying the mortgage

What are the benefits of pre-paying the mortgage?

By making additional payments that go toward the principal balance, you can save thousands of dollars and shave years off the length of your loan.

Principal payments over and above the minimum monthly amount required by the terms of the mortgage constitute partial prepayment of a mortgage. Each mortgage will have terms describing how and when prepayment may occur. Refer to the note to see if there is any penalty incurred for prepayment.

The total savings potential also depends on how long you want to stay in the house. Borrowers who plan to move in the near future should not expect to realize as significant a savings as people who pay ahead of schedule until they own the home free and clear.

Check with your lender, who should be able to provide specific answers as to how such a prepayment plan will shorten the life of the loan and what kind of interest savings can be expected.

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