

Worksheet

7 Insider Secrets To Saving Money on Your



Home Mortgage

7 INSIDER SECRETS TO SAVING MONEY ON YOUR MORTGAGE
WORKSHEET

In tough economic times, it helps to find ways to save money. Discover the opportunities to save using wise mortgage strategies. You could be on your way to five-figure savings.

1. **Clean up your credit score.** Do you have a major credit card? _____

If not, open an account now. Show that you can pay off what you owe monthly and pay on time.

When was the last time you got a copy of your credit report?

Every year, get a copy of your credit report and check it thoroughly. Record here the questions you have about your credit report.

Do you have items on your credit report that you could ask forgiveness for?

If you are a late payer, after you've paid all your bills on time for 12 months, write letters to the individual creditors stating you now pay on time and that you'd like for them to remove their notations about your late-paying status from your credit report.

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Who do you need to write letters to? List them here.

2. **Choosing the right mortgage term.** If you're in the market for a mortgage, think about whether you can afford the higher payments for the 10- and 15-year mortgages. Also, take into account the increased amount of interest you'll pay over a 30-year term.

If you can't afford a 10- or 15-year mortgage, consider a bi-weekly mortgage where you make about $\frac{1}{2}$ of a monthly payment every two weeks. This method also cuts years, and thousands of dollars, off your payment time.

If you already have a mortgage, what is the term length of it?

Contact your financial institution and find out how much of the payment you pay each month is interest. Find out the total of interest you paid last year—you can likely find this figure on your income tax documents.

3. **Why you should make extra payments toward your mortgage.** Do you make at least one extra mortgage payment yearly? _____ If not, could you start this year? _____

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- ❖ Tax return
 - ❖ Extra temporary job
 - ❖ Reduce non-essential spending
- You stand to cut at least four figures' worth of interest off the life of your mortgage by just paying one extra mortgage payment per year. Plus, you'll pay off the loan earlier, which means you could also be banking the equivalent of your payment over several years afterward.

4. **How could you make an extra mortgage payment?** Where will you get the cash?

Here are some ideas you could use to come up with the funds to pay the extra payments. Circle the ones you would like to try.

5. **Quick tips to save real money on your mortgage.** If you don't already have a mortgage, what term length have you decided to get and why?

What do you know about percentage points and loans?

Educate yourself about the difference just one or two percentage points can have on the amount of mortgage dollars you pay over time.

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Does your current mortgage have early pay-off penalties? If you don't know, find out.

6. **How much can you bank?** If you have a mortgage, it's time to pull out your paperwork. Fill in the info here about your mortgage:

Term of the mortgage: _____(Usually 15, 20, or 30- years)

Percentage interest you're paying: _____

Circle how you Pay: ❖ Monthly ❖ Bi-Monthly

Most recent monthly payment you paid was \$_____.

How much of that payment was interest? Call your financial institution to find out and put that figure here: \$_____.

Ask your financial institution when your loan would be paid off if you paid one additional mortgage payment each year. Write it here:

Ask them when it will be paid off if you just pay the regular monthly payments. Put that date here:

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7. **Use online financial calculators.** Go to bizrate.com and find the mortgage calculator. Use it to enter in the percentage points you wish to pay (either on a new or re-financed mortgage), the term you want, and the total of the mortgage. Now, figure out the difference you'd save by paying one extra payment yearly. Record all this information below.

Amount of Loan you Want _____

Percentage Points you Want _____

Term Length you Want _____

Circle Mortgage Payment Method: ❖ Monthly ❖ Bi-Monthly

Total Interest You'll Pay over the Life of the Loan:

Total Interest You'll Pay If You Pay One Extra Payment Yearly:

Total Cash You'll Save in Your Pocket when Paying 1 Extra Payment:

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Now that you see how much you can save, take action to make it happen! ***Just think how much you'll enjoy those extra tens of thousands of dollars*** when you put them in your pocket instead of the mortgage company's!

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