

Be mortgage free faster with these three strategies.

Every homeowner knows that the best mortgage is no mortgage at all. So what can you do to pay down your mortgage faster — and save possibly thousands of dollars of interest at the same time? Consider these three strategies.

1. Pay more frequently

Many people choose a “traditional” payment schedule, paying their mortgage on a monthly basis. But switching to an accelerated weekly or bi-weekly (every other week) schedule will pay down your principal faster, because you make the equivalent of one month’s extra payment every year.

How much will you save? Assuming a \$250,000 mortgage at 5.5% interest amortized over 25 years, changing from monthly to accelerated weekly payments will save you approximately \$37,500 in interest over the life of the mortgage (assuming interest rates stay the same) and you’ll own your home almost four years sooner.

2. Increase your regular payment

With a BMO® mortgage, you can increase your mortgage payment by up to 20% of the original mortgage amount or up to 10% for a Smart Fixed Closed Mortgage once each calendar year. Increasing your regular mortgage payment — by even a small

amount — can make a huge difference over the long term.

For example, suppose you have a \$200,000 mortgage at 5% interest amortized over 25 years. Your regular monthly payment is \$1,163. Now, suppose you top that payment up to \$1,200. That’s just an extra \$37 each month, but over the life of the mortgage, you’ll save approximately \$10,000 in interest and be mortgage-free after about 23 ½ years instead of 25.

3. Make a lump-sum prepayment

With a BMO mortgage, you can prepay, in \$100 increments, up to 20% of the original mortgage amount, or up to 10% for the Smart Fixed Closed Mortgage each calendar year, without a prepayment charge. If you have the extra cash, it really pays to take advantage of this option.

Suppose you have a \$180,000 mortgage at 4.75% interest, amortized over 25 years. If you can prepay \$10,000 at the end of the first year, you’ll save approximately \$19,000 in interest and be mortgage free almost three years ahead of schedule.

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BMO Specialized Lending provides an extensive suite of lending products and financial solutions to help you achieve your financial goals. Working with your Financial Advisor, our expert, mobile lending team offers support on all aspects of debt planning and debt management.

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Buying a home is a big decision and major financial commitment. That’s why we’re there to help you every step of the way. Go to bmo.com/mortgage find information, tools and resources that will help you gain more confidence and knowledge before you get into the market.

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