

# GETTING THE MORTGAGE MONKEY OFF YOUR BACK

Only 34% of Americans own their homes free and clear. All other homeowners have a mortgage they're chipping away at. If you have a mortgage, you may want to consider paying it off early.



## Before you begin, you should know...

Some states allow lenders to implement prepayment penalties, which means it could actually cost you more to pay off your mortgage early. Regulations vary per situation, so before you proceed, find out from your lender if you'd face a prepayment penalty on your mortgage.



### If there is a penalty

Decide if it's worth it to you. Fines are typically a percentage of the mortgage itself. Carefully evaluate the risk versus reward before committing.



### If there is no penalty

Start chipping away at your principal as soon as you can. The first five years is the best time to make additional payments toward your principal.



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# 7 STRATEGIES TO PAY OFF YOUR MORTGAGE EARLY

- 1. Bi-weekly payment plan**  
Pay half your monthly payment every two weeks. Some months will have an additional payment, this could add up to an extra full payment per year.
- 2. Matching principal payment plan**  
Add your initial principal payment to every monthly payment that follows. This shaves years off your mortgage and saves interest.
- 3. Make an extra full payment per quarter**  
In some cases, this can take up to 11 years off your mortgage.
- 4. Cash influx**  
Put unexpected cash – like an inheritance, birthday gift, tax refund, etc. – toward your principal balance.
- 5. Refinance to a 15-year loan**  
This is helpful if you're on track to pay it off early, rates are low, and you're early in the mortgage. Consult your mortgage professional if you're not sure.
- 6. Divide your mortgage payment by 12**  
Add this amount to your monthly payment and make one extra payment per year.
- 7. Do what you can**  
Make small budget cuts and save money to contribute toward your principal.

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For more insights on paying off your mortgage early, listen to *The Brian Buffini Show* podcast episode #124 - **Getting the Mortgage Monkey Off Your Back.**

**Make sure you talk to your bank or lender and tell them your plans before you get started. If you want to learn more about these best practices, talk to a mortgage professional – call me for a great referral!**

Source: Bureau of Consumer Financial Protection, ATTOM Data Solutions

## How A Few Minor Changes Can Help You Live A Mortgage-Free Life!

As you've probably heard all your life, paying off your mortgage early, or any debt for that matter, will benefit you greatly in the long term. Sure, it may seem difficult paying more than required on an already high monthly payment, but the benefits greatly outweigh the hard aches of the short term, especially when they can wipe years off your mortgage. One way to do this is to make one extra payment toward your principal balance per quarter.

For Example: You have a 30yr, \$220,000 Mortgage at 4.0% for a Monthly Payment of \$1,050. Pay an extra \$1,050 per quarter towards your principal and shave close to 11 years off your mortgage.

By simply making these extra payments towards your principal, you're able to wipe off more than a third of your loan's term; drastically reducing the amount of interest you pay over the life of the loan.

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### **When Is The Best Time To Begin These Practices?**

The key to paying down your mortgage early is in the first five years, when the largest amount of interest is being paid. Remember to give specific instructions to your bank or lender to put any additional payments toward the principal.

