

Biweekly Mortgages

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If you wish to pay off your mortgage more quickly than with a traditional 30-year fixed-rate mortgage, significantly reducing the amount of interest you pay over the life of the loan, a Biweekly Mortgage may be for you.

Biweekly Mortgage payments are made every two weeks, resulting in 26 (sometimes 27) payments per year. As a result of the number and frequency of payments, you can pay off the loan faster than with a traditional 30-year, fixed-rate, monthly payment mortgage. For example, a loan that ordinarily would take 30 years to amortize fully could be paid off after just 22 years of biweekly payments depending on the interest rate of the loan.

A Biweekly Mortgage may also save you interest expenses over the life of the loan. For example, a \$150,000 loan at a 7 percent interest rate paid monthly over 30 years will cost a borrower approximately \$53,325 more in interest over the life of the loan than a Biweekly Mortgage for the same loan amount and interest rate.

Loan Features

- Make a payment every 14 days instead of once a month (using a 365-calendar day year), so each payment amount is half the monthly payment for a comparable fixed-rate mortgage.
- Payments will be applied to interest, principal, and other charges when received, resulting in a lower overall interest payment.

Considerations

- Build up equity in your home, save on interest expenses, and pay off your loan faster than with a traditional 30-year, fixed-rate monthly payment mortgage, since making payments every 14 days is similar to making one extra payment per year.
- Because biweekly payments are half the amount of comparable monthly payment mortgages, the Biweekly Mortgage does not require significant additional outlays in order to obtain the benefit of a faster payoff.
- Biweekly payments can be timed to coincide with payroll deposits for easier budgeting.

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