



MORTGAGE



GLOSSARY

# PREPAYMENT PRIVILEGES

**...speed up your mortgage paydown!**

The prepayment privileges that come with your mortgage are there for a reason – they help you pay off your mortgage faster and reduce your interest costs. Prepayment privileges differ from lender to lender (up to 15%, 20% + 20%, double up, lump sum). Take the 20 + 20 privilege; it allows an annual mortgage payment increase of up to 20% of the current payment. The second 20 allows a yearly lump sum payment of up to 20% of the original principal.



## EXAMPLE

**\$200,000 mortgage amortized for 25 years at 3.5%.**

*Put a \$2,000 lump sum each year on your principal and you'll pay off your mortgage in 20 years and save \$21,726 in interest.*

*Or increase your monthly payment by \$200 and you'll pay off your mortgage in 19 years and save \$23,937 in interest. If you can do both, all the better; you'll save more and pay your mortgage off faster than you ever thought possible!*

Where can you find pre-payment money? How about your tax refund or bonuses from work? If your income increases, consider increasing your mortgage payment. Pretend your income didn't increase and maintain your usual lifestyle.

WE ARE EXPERTS AT

PROVIDING THE

ADVICE, EDUCATION

AND RESOURCES THAT

HOMEBUYERS NEED.

LET US HELP YOU BUILD A

PLAN TO TAKE ADVANTAGE

OF YOUR LENDER'S

PREPAYMENT PRIVILEGES!



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