

Bi Weekly Mortgage Payment Plan: Saving Thousands

A bi weekly mortgage repayment plan is one of the best tools available to most people that have a mortgage. Today, lenders are offering this type of plan because of the demand for it and because it helps to create a steady repayment method for them, with less risk of default. The benefit to you, the homeowner is quite simple. With this payment plan, you can save thousands of dollars on your mortgage loan and you can find the benefits of reducing the time that you have to repay your loan. You can see the benefits right now with the help of a mortgage calculator.

What Is A Bi Weekly Payment Plan?

In a bi weekly payment plan you are not getting any type of new loan or doing anything drastic to your current loan. What you are doing is making your payment in a different way. Instead of making one payment every month for a total of 12 payments per year, you are making one payment every two weeks. The benefit here comes in with the fact that you will actually make 26 payments per year which ends up being the same as making 13 regular monthly payments per year. The goals here are quite simple. Make a payment every two weeks and you will make one full extra payment every year without realizing that you are doing it or even feel the difference in money.

Most programs are set up directly through your mortgage lender. In some cases you may have to pay a fee to have the program set up for you or you may need to pay your mortgage ahead of time. The goal is that you will pay a good amount of money on your home that will be applied to your principle (be sure that it is!) and you will cut down the term of the loan and the amount it will cost you in the long run. This saves you thousands of dollars in the process.

Why Does A Bi Weekly Program Help You?

The best way to show you just how this will benefit you will be to give you an example. You can use a mortgage calculator to help you to get this information yourself for your own loan needs too. Here's an example of how much you could save.

Original loan amount: \$200,000

Interest rate: 6.5 percent

Term of the loan: 30 years

One payment per month: \$1264 per month

Two payments per month: \$632 every two weeks

Here are the benefits of paying in these terms. Consider this for your loan.

- If you started this loan in June of 2007, you would be paid off with the original terms in May of 2037
- If you started this loan in June of 2007, you would be paid off with the bi weekly program in June of 2031.
- If you paid off the loan through the original terms, you would pay \$255,088 in interest only on the loan.
- If you paid off the loan through the biweekly terms, you would pay \$196,307 in interest only on the loan.

As you can see, the benefits are there. You would pay off your loan just one month shy of 6 years early. More importantly, you are going to save over \$58,782 on that loan in interest. That is a remarkable amount of money. What would you do with that amount? The goal is to use the money that you make in a better way by making the payments every two weeks. The extra payment that you end up making per year can help you to save thousands of dollars on your loan.

Use A Mortgage Calculator To Find Your Savings

A bi weekly payment plan can really help you to save money. In many ways, this type of repayment plan will not affect you in any way. In the example above, if you were told to make an extra payment of \$1264 on the loan each year, you may balk at that amount. Yet, because you are paying every two weeks instead of monthly, you can save money without feeling the pain of making that extra payment. Most lenders make these programs bi weekly automatic withdrawals from your bank account making it even more simplified for most people. But, how does this help you?

Use a [mortgage calculator](#) to help you to see the benefits for your specific loan. What you will find is that no matter where you are in your loan, what you pay or how you pay, you are likely to save a considerable amount of money. You do not need to have a new loan to get started with this type of savings plan. You also do not need to guess at your savings because the calculators can help you to see what it is.

Many bi weekly repayment plans can actually help you in other ways. For example, if you want to make an additional payment each month to your principle balance, they can often accommodate this. For example, perhaps you would be making a \$632 payment every two weeks. By rounding that up to \$650 or \$700, and applying that extra to your principle, you will pay off your loan even faster and for less. In addition, for many people, having to smaller payments to make each month is simpler and much more affordable. Many can afford to do this and they do not realize it.

Take into consideration how a bi weekly repayment plan can help you. You may find, quickly, that it is the right way for you to save a considerable amount of money on the loan that you already have in place. Use a mortgage calculator to help you to see the sheer savings that you could be getting. Take full advantage of the range of options that are available to you through your lender. If your lender does not offer this, they may allow you to still make the payments in half two times per month.

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