



HOW TO SAVE UP TO

\$100,000

ON YOUR

MORTGAGE PAYMENTS!

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About The Author

Don Lapre is a self-made multi-millionaire and the star of the nationally aired TV show, Making Money. Growing up, Don's family was very poor. Even though Don was still a youth, it was necessary for him to help generate an additional income to help his family survive. It was out of this necessity that one of the greatest Entrepreneurs in America was born!

Over that last 25 years, this remarkable man has developed more ways to make money than you could imagine. But the most incredible part of the story is his willingness to share what he has learned with others. Don Lapre has supplied literally hundreds of thousands of people all across the country with the information and money making tools that could change their lives. As you can see every day on his nationally aired TV show, his ever growing list of successful students is amazing. These people's lives will never be the same thanks to Don Lapre and his generosity.

Over the last few years, Don has gained National recognition for his incredible innovations in the 1-900 pay-per-call business. He has revolutionized the industry by creating a unique program that allows the average American with an average income to get set up with their own incredible 1-900 business. With his program you don't need any equipment to get started and all you have to do is advertise to get people to call your 1-900 number. Don's company sets up the programs and handles everything else. And, you receive weekly checks for all the calls that you generate. If you would like more information on this exciting program you can call 1-800-800-2451. This will connect you directly to Don Lapre's office where they will be happy to explain all the details!

Another area of Don's company that is skyrocketing is his Custom Internet Web Site division. Through a unique new program, Don did it again. He took something that everyone would love to have but could not afford, and he made it affordable! For less than you would ever think possible, you could have your very own Custom Internet Web Site set up right through Don's company. With an estimated 50 million people on the Internet, it is becoming a premier advertising location and communications tool! If you would like more information on the program you can give Don's office a call at 1-800-800-2451. You'll find that his staff is very helpful as well as a pleasure to talk to.

The manual that you're about to read is just one many incredible publications available by Don Lapre. If you would like to request a catalog of Don's extended line of money making and money saving tools, please call Don's customer service number at 602-453-1282.

Introduction

In our country's economic system of free enterprise it is the right of each and every individual to enjoy life and liberty to the fullest as long as in the process they do not impose on those very same inalienable rights of other individuals. To enjoy our freedoms is a privilege we all share and cherish. Perhaps one of the greatest of these numerous privileges is the right to control and manage our finances for personal gain and profit.

Perhaps the greatest personal investment any individual could make is the purchase of a single-family residence. The ownership of a residence is a dream shared by many and once realized appreciated and cherished as a prized possession. Since the beginning of time humans have taken pride in where they dwelled and created environments within these spaces that they call "home."

The "home" is the investment that benefits its owner(s) with not only a place to live and sleep, but with many financial rewards ranging from appreciation and equity to tax savings and profit. We continually improve our dwellings under the "pride of ownership" such that we have created entire industries that exist under the banner of "home improvement." The industries flourish as we continually improve our homes for our own aesthetic pleasure and hope that it will aid in its appreciation.

Real estate is unique in that unlike other tangibles that we may purchase throughout our life, historically and on the average it appreciates over time above the price that we originally paid for it. Its value is simply upheld by the fact that "They are not making

any more land." It is considered indispensable and unreplaceable. Hence the term real property, and its distinguishment from personal property, i.e. automobiles.

Understand that it is the raw earth and land that your home sits on that is actually appreciating. Your home, that structure that resides on it, begins decaying the day the final nail is driven and the final coat of paint dries.

Most of us do not have enough "cash" to purchase a home outright like we do a bill of groceries in the store. Like many other major purchases that we may make throughout our lives, we seek financing sources to make our purchase possible. We are the buyer and we are seeking to purchase from a seller. The seller has a price that he is asking and we have a price that we will pay. Many times the price that we will pay is different from the price that the seller is asking. We base the price that we are willing to pay on a variety of different factors and their combinations, respectively.

Once we have agreed on our price with the seller of the home we wish to purchase, a deal or contract for purchase has been agreed on. It is now up to us to pay the seller for the home that we wish to purchase. This is when we "borrow" money from a lender in the form of a residential loan or mortgage. The lender that specializes in these types of loans is most often referred to as a mortgage company or the mortgage division of a bank, credit union or finance company.

When mortgage lending sources loan money for individuals to purchase real property they want a guarantee that the individual will pay the money back, and to make a profit on the money it lends. Generally, the property that the borrower is purchasing serves as collateral, or property that the lender could repossess or take back if the borrower does not make good on the loan. The lender charges interest on the amount borrowed, over what they lent the borrower. This is the lender's profit and only reason for lending money.

Interest charged on any amount, whether it be lent on real or personal property, can be calculated using a variety of methods. Perhaps the method we are most familiar with is simple interest like we receive on our savings and checking accounts. When we deposit money in a bank we are in essence lending the bank money, and since they profit from investing our safekeepings, pay us interest.

All banks borrow money. This is where they get the money to lend us when we need a loan. The strategy for any lending institution is to pay the lowest interest possible when borrowing, and charge the highest interest possible when lending. Borrow low and lend high!

As with any business banks have a variety of different products and services available. They actually refer to their many types of loans as products. When we need to obtain financing for purchase of a home the most common type we seek is a 30-year fixed mortgage. The repayment schedule for a thirty year mortgage is attractive and the payments are as low or lower than rent in many cases. Unfortunately for our pocketbooks, 30-year fixed mortgages are the loans that banks make the most from!

Alternatively, 15-year mortgages can be obtained by borrowers that allow up to a 50% savings in mortgage interest paid on a 30-year mortgage. The problem is that the monthly payments price most owners right out of the reach of their "dream home" and would force them to settle for "much less" house than they could finance at 30 years.

The general rule in real estate is the longer the term the more the cost; the shorter the term the less the cost. This manual will explore ways that could allow you to enjoy the best of both worlds. Imagine retaining the same exact monthly payment that you have now while saving up to 50% interest on your remaining 30-year mortgage payments. Even better and to top it off, what if while you were saving all that interest your principal was eroding up to three times faster and your equity was accelerating by up to 300%?

Read on. This manual will leave you nothing short of amazed!!!

A Short Lesson On How Mortgages Work

When we obtain a mortgage on real property lenders use a method of interest calculation called "amortization." Definitively, amortization is:

"The periodic principal pay down of a loan."

An amortized loan is defined as:

A loan to be repaid, interest and principal, by a series of regular payments that are equal or nearly equal, without any special balloon payment to maturity.

This simply means that the monthly payment that you pay on your loan is comprised of both principal (the actual money you borrowed) and interest (the amount the lender charges you to borrow the money).

When a loan is amortized the majority of monthly payments go toward the repayment of the lender's interest, which is compounded daily on the remaining principal. As a matter of fact in the first 5-10 years of a loan, less than 3% of the monthly payment goes toward the repayment of the principal!

The longer a loan is amortized the more interest you pay. To make this concept clearer imagine if you borrowed \$100 from a friend and he charged you 10% interest. You would know that you owe your friend the original \$100 that you borrowed plus \$10.00 (10%) in interest. If your friend allowed you to make monthly payments on the loan of \$1 each, you would pay your friend back in 11 months.

However, if your friend decided to amortize the loan, let's take a look at the effects on your repayment of principal and interest:

Principal: \$100
Monthly Payment: \$0.88
Total Interest: \$215.93 (No pre-payment)
Total Interest: \$215.92 (As given)
SAVINGS: \$0.01 Total Interest Saved, 0.08 Years shorter loan 1998 Interest \$ 9.97
1999 Interest \$9.92
Ending Balance Dec. 1999: \$98.83
Average Interest each Month: \$0.60

From this summary you can plainly see what you would repay to your friend in interest if you decided to amortize the repayment of the \$100 you borrowed over 30 years or 360 months. The amount repaid would be \$215.92 plus the original amount borrowed (\$100) for a total of \$315.92.

The following is a progression illustration that shows how your monthly payments affect your principal and interest, in the example above by the year:

Using the same scenario as featured above, the following is a summary of what would be paid in interest if you were to pay your friend the \$100 in Biweekly payments over 30 years:

Monthly Payment: \$0.88
Total Interest: \$215.93 (No pre-payment)
Total Interest: \$142.50 (As given)
SAVINGS: \$73.43 Total Interest Saved, 8.75 Years shorter loan
1998 Interest: \$9.97

FOR 2013:	Int=\$5.02	Prin=\$6.38	Bal=\$46.33	Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$13.37
Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$39.28	FOR 2017:	Int=\$1.90	Prin=\$9.51	Bal=\$13.37
FOR 2014:	Int=\$4.36	Prin=\$7.05	Bal=\$39.28	Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$2.87
Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$31.49	FOR 2018:	Int=\$0.90	Prin=\$10.50	Bal=\$2.87
FOR 2015:	Int=\$3.62	Prin=\$7.79	Bal=\$31.49	Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$0.59
Bi-weekly Adj:	Prin: \$0.88	Int: \$0.00	Bal: \$22.88	FOR 2019:	Int=\$0.05	Prin=\$3.46	Bal=\$-0.59
FOR 2016:	Int=\$2.80	Prin=\$8.61	Bal=\$22.88				

1999 Interest: \$9.82

End Balance Dec. 1999: \$96.98

Average Interest each Month: \$0.40

SAVINGS: Normal Average Interest per Month: \$0.60, You Save \$0.20

You can see from these figures that if you simply paid your \$0.88 a month payment bimonthly (\$0.44 every two weeks) you would cut 8.75 years off the 30 scheduled years of repayment, eliminating approximately 105 monthly payments.

The following is a progression illustration of how much you would save by repaying your friend half of your scheduled monthly mortgage payment every two weeks:

In regards to an amount that you might pay for a house, let's take a look at a summary that shows how much you pay in interest you would pay on a typical 30-year \$100,000 loan at 10% interest:

Monthly Payment: \$877.57

Total Interest: \$215,925.77 (No pre-payment)

Total Interest: \$215,925.77 (As given)

SAVINGS: \$0.00 Total Interest Saved, 0.00 Years shorter loan

FOR 1998:	Int=\$9,974.98	Prin=\$555.88	Bal=\$99,444.12	FOR 2013:	Int=\$8,055.02	Prin=\$2,475.84	Bal=\$79,188.72
FOR 1999:	Int=\$9,916.77	Prin=\$614.09	Bal=\$98,830.04	FOR 2014:	Int=\$7,795.77	Prin=\$2,735.09	Bal=\$76,453.63
FOR 2000:	Int=\$9,852.47	Prin=\$678.39	Bal=\$98,151.65	FOR 2015:	Int=\$7,509.37	Prin=\$3,021.49	Bal=\$73,432.14
FOR 2001:	Int=\$9,781.43	Prin=\$749.43	Bal=\$97,402.22	FOR 2016:	Int=\$7,192.98	Prin=\$3,337.88	Bal=\$70,094.26
FOR 2002:	Int=\$9,702.96	Prin=\$827.90	Bal=\$96,574.32	FOR 2017:	Int=\$6,843.46	Prin=\$3,687.40	Bal=\$66,406.86
FOR 2003:	Int=\$9,616.27	Prin=\$914.59	Bal=\$95,659.73	FOR 2018:	Int=\$6,457.34	Prin=\$4,073.52	Bal=\$62,333.34
FOR 2004:	Int=\$9,520.50	Prin=\$1,010.36	Bal=\$94,649.37	FOR 2019:	Int=\$6,030.79	Prin=\$4,500.07	Bal=\$57,833.27
FOR 2005:	Int=\$9,414.70	Prin=\$1,116.16	Bal=\$93,533.21	FOR 2020:	Int=\$5,559.57	Prin=\$4,971.29	Bal=\$52,861.99
FOR 2006:	Int=\$9,297.82	Prin=\$1,233.04	Bal=\$92,300.17	FOR 2021:	Int=\$5,039.01	Prin=\$5,491.84	Bal=\$47,370.14
FOR 2007:	Int=\$9,168.71	Prin=\$1,362.15	Bal=\$90,938.02	FOR 2022:	Int=\$4,463.95	Prin=\$6,066.91	Bal=\$41,303.23
FOR 2008:	Int=\$9,026.07	Prin=\$1,504.79	Bal=\$89,433.23	FOR 2023:	Int=\$3,828.66	Prin=\$6,702.20	Bal=\$34,601.03
FOR 2009:	Int=\$8,868.50	Prin=\$1,662.36	Bal=\$87,770.88	FOR 2024:	Int=\$3,126.85	Prin=\$7,404.01	Bal=\$27,197.03
FOR 2010:	Int=\$8,694.43	Prin=\$1,836.43	Bal=\$85,934.45	FOR 2025:	Int=\$2,351.56	Prin=\$8,179.30	Bal=\$19,017.73
FOR 2011:	Int=\$8,502.13	Prin=\$2,028.73	Bal=\$83,905.72	FOR 2026:	Int=\$1,495.08	Prin=\$9,035.78	Bal=\$9,981.95
FOR 2012:	Int=\$8,289.70	Prin=\$2,241.16	Bal=\$81,664.56	FOR 2027:	Int=\$548.91	Prin=\$9,981.95	Bal=\$0.00

1998 Interest: \$9,974.98

1999 Interest: \$9,916.77

Ending Balance Dec. 1999: \$98830.04

Average Interest each Month: \$599.79

As shown above it is apparent that if you borrowed \$100,000 over the course of 30 years you would pay \$215,925.77 in interest. Remember, the \$215,925.77 is on top of the \$100,000 borrowed, which is included in the monthly payment of \$877.57.

The following is a progression illustration of the amounts paid on principal and interest by the year and how they affect the balance of the original amount borrowed:

Now let's take a look at a summary of the same scenario, but with Biweekly payments:

FOR 1998 :	Int=\$9,974.98	Prin=\$1,433.45	Bal=\$98,566.55	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$68,464.62
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$96,983.00	FOR 2009:	Int=\$7,121.69	Prin=\$4286.74	Bal=\$68,464.62
FOR 1999:	Int=\$9,824.88	Prin=\$1,583.55	Bal=\$96,983.00	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$63,729.01
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$95,233.63	FOR 2010:	Int=\$6,672.81	Prin=\$4735.62	Bal=\$63,729.01
FOR 2000:	Int=\$9,659.06	Prin=\$1,749.37	Bal=\$95,233.63	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$58,497.51
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$93,301.08	FOR 2011:	Int=\$6,176.93	Prin=\$5231.50	Bal=\$58,497.51
FOR 2001:	Int=\$9,475.88	Prin=\$1,932.55	Bal=\$93,301.08	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$52,718.21
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$91,166.16	FOR 2012:	Int=\$5,629.13	Prin=\$5779.30	Bal=\$52,718.21
FOR 2002:	Int=\$9,273.52	Prin=\$2,134.91	Bal=\$91,166.16	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$46,333.74
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$88,807.69	FOR 2013:	Int=\$5,023.96	Prin=\$6384.47	Bal=\$46,333.74
FOR 2003:	Int=\$9,049.96	Prin=\$2,358.47	Bal=\$88,807.69	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$39,280.73
Bi-weekly Adj:	Prin:\$877.57	Int:\$0.00	Bal: \$86,202.26	FOR 2014:	Int=\$4,355.42	Prin=\$7053.01	Bal=\$39,280.73
FOR 2004:	Int=\$8,803.00	Prin=\$2,605.43	Bal=\$86,202.26	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$31,489.18
Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$83,324.01	FOR 2015:	Int=\$3,616.88	Prin=\$7791.55	Bal=\$31,489.18
FOR 2005:	Int=\$8,530.18	Prin=\$2,878.25	Bal=\$83,324.01	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$22,881.75
BiWeekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$80,144.37	FOR 2016:	Int=\$2,801.00	Prin=\$8607.43	Bal=\$22,881.75
FOR 2006:	Int=\$8,228.79	Prin=\$3,179.64	Bal=\$80,144.37	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$13,373.01
BiWeekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$76,631.77	FOR 2017:	Int=\$1,899.69	Prin=\$9508.74	Bal=\$13,373.01
FOR 2007:	Int=\$7,895.84	Prin=\$3,512.59	Bal=\$76,631.77	Bi-weekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$2,868.58
BiWeekly Adj:	Prin: \$877.57	Int: \$0.00	Bal: \$72,751.36	FOR 2018:	Int=\$904.00	Prin=\$10504.43	Bal=\$2,868.58
FOR 2008:	Int=\$7,528.02	Prin=\$3,880.41	Bal=\$72,751.36				

Monthly Payment: \$877.57

Total Interest: \$215925.77 (No pre-payment)

Total Interest: \$142,498.32 (As given)

SAVINGS: \$73427.45 Total Interest Saved, 8.67 Years shorter loan

1998 Interest: \$9,974.98

1999 Interest: 9,824.88

Ending Balance Dec. 1999: \$96,983.00

Average Interest each Month: \$395.83

SAVINGS: Normal Avg Int/Month : \$ 599.79, You Save \$ 203.97

The following is a year by year analysis of savings, and amounts paid on principal and interest:

From the examples cited in this chapter you can now see that mortgage companies make their money by lending on longer terms and at higher interest rates. Mortgage companies lose money when they are repaid quicker.

The longer you borrow, the more in interest that you pay and the more interest the mortgage company makes.

Learning The Difference Between A Biweekly Mortgage And Paying A Mortgage Biweekly

On the surface the terms "choosing a Biweekly mortgage" and "paying a mortgage Biweekly" may sound like references to the same actions; however, they are two entirely different repayment methods.

When we choose a Biweekly mortgage we obligate ourselves to repayment of our mortgage every two weeks to the lender that we have borrowed from. With this repayment method we simply make half of our scheduled monthly mortgage payment every two weeks. The result is the payment of an extra mortgage payment on principal annually. This payment on principal helps to reduce the amount of principal that we are charged interest on daily.

When we choose to pay our mortgage bi-weekly we are simply repaying half of our scheduled monthly payment every two weeks. At any time we can change our mortgage payment back to a monthly repayment plan and we are not obligated to repay Biweekly. It is an informal arrangement that is setup solely at our discretion.

A Biweekly mortgage obligates a borrower to repay every two weeks and the requirements are included in the note that the borrower signs when he originates the loan.

How Much Could You Save

The amount that you could save by paying your 30-year loan Biweekly depends on two factors:

#1 How many payments you have already paid on your mortgage.

The more payments you have remaining on your 30-year mortgage, the more you can save. This is because in the first years of your mortgage repayments, more is applied toward interest than principal. As the repayment schedule progresses more of the monthly payment is applied toward the principal as opposed to interest.

#2 The interest rate at which you financed your loan.

The higher the interest rate that you have agreed to pay on your 30-year mortgage the higher the savings when you start paying Biweekly.

Let's take a look at an analysis of how much you would save on a 30-year mortgage at 10% interest:

	Without Bi-Weekly Payments	With Bi-Weekly Payments
Years to Pay Off	30	21
Interest Savings	\$0.00	\$76,233.52
Monthly Payments Eliminated	0	108
Total Payment Savings	\$0.00	\$94,777.73
Equity After 5 Years	\$3,571.76	\$9,206.11
Equity After 10 Years	\$9,302.15	\$24,763.57
Balance Due After 21.0 Years	\$62,689.99	0
Average Monthly Savings	\$0.00	\$376.10
Average Yearly Savings	\$0.00	\$4,513.23
Cash Available After 20 Years	\$0.00	\$150,644.44

Let's take a look at an analysis of how much you would save on a \$50,000 30-year mortgage at 10% interest:

	Without Bi-Weekly Payments	With Bi-Weekly Payments
Years to Pay Off	30	21
Interest Savings	\$0.00	\$114,326.82
Monthly Payments Eliminated	0	108
Total Payment Savings	\$0.00	\$142,166.60
Equity After 5 Years	\$5,358.04	\$13,809.40
Equity After 10 Years	\$13,954.38	\$37,146.40
Balance Due After 21.0 Years	\$94,030.33	0
Average Monthly Savings	\$0.00	\$564.15
Average Yearly Savings	\$0.00	\$6,769.84
Cash Available After 20 Years	\$0.00	\$225,966.66

Let's take a look at an analysis of how much you would save on a \$150,000 30-year mortgage at 10% interest:

	Without Bi-Weekly Payments	With Bi-Weekly Payments
Years to Pay Off	30	21
Interest Savings	\$0.00	\$31,104.85
Monthly Payments Eliminated	0	108
Total Payment Savings	\$0.00	\$47,388.87
Equity After 5 Years	\$1,786.26	\$4,603.38
Equity After 10 Years	\$4,652.09	\$12,382.68
Balance Due After 21.0 Years	\$3,140.83	0
Average Monthly Savings	\$0.00	\$188.05
Average Yearly Savings	\$0.00	\$2,256.61
Cash Available After 20 Years	\$0.00	\$75,322.22

Let's take a look at an analysis of how much you would save on a \$200,000 30-year mortgage at 10% interest:

	Without Bi-Weekly Payments	With Bi-Weekly Payments
Years to Pay Off	30	21
Interest Savings	\$0.00	\$152,444.71
Monthly Payments Eliminated	0	108
Total Payment Savings	\$0.00	\$189,555.47
Equity After 5 Years	\$7,143.42	\$18,411.94
Equity After 10 Years	\$18,604.28	\$49,526.53
Balance Due After 21.0 Years	\$125,379.78	0
Average Monthly Savings	\$0.00	\$752.20
Average Yearly Savings	\$0.00	\$9,026.45
Cash Available After 20 Years	\$0.00	\$301,288.88

Let's take a look at an analysis of how much you would save on a \$250,000 30-year mortgage at 10% interest:

	Without Bi-Weekly Payments	With Bi-Weekly Payments
Years to Pay Off	30	21
Interest Savings	\$0.00	\$190,549.01
Monthly Payments Eliminated	0	108
Total Payment Savings	\$0.00	\$23,6,944.33
Equity After 5 Years	\$8,929.75	\$23,015.35
Equity After 10 Years	\$23,256.48	\$61,909.27
Balance Due After 21.0 Years	\$156,720.25	0
Average Monthly Savings	\$0.00	\$940.26
Average Yearly Savings	\$0.00	\$11,283.06
Cash Available After 20 Years	\$0.00	\$376,611.10

The scenarios featured above are simply examples of how much you could save by paying your mortgage Biweekly from payments 1-360. The amount that you could actually save will vary depending on the number of scheduled monthly payments that you have remaining.

Our next chapter will show you exactly how to setup your own Biweekly payment plan.

Setting Up Your Own Biweekly Payment Plan vs. Using a Biweekly Payment Service Bureau

Perhaps the most important decision you will need to make after deciding to pay your mortgage Biweekly is figuring out whether it is to your advantage to use a service bureau or setup your own Biweekly repayment plan.

The deciding factor should be whether you feel you have the discipline to make your payments on time. Timeliness with a Biweekly mortgage repayment schedule is paramount to the accomplishment of your savings.

If you decide that you do have the discipline to make your scheduled payments on time without reminders then perhaps you would do best putting together your own plan. However, if you are limited on time and find that you would benefit by having your Biweekly payments deducted from your checking account every two weeks, then using a service bureau would be to your advantage.

A Look At What Happens To Those Biweekly Payments

When you pay Biweekly the amount that accumulates during the months where extra days cause a third deduction (similar to months where you get an extra paycheck) is applied directly to your principal. In a properly executed Biweekly mortgage payment these accumulations should be paid on principal to reduce mortgage balance. Reductions in mortgage balance over the period of the loan repayment schedule proportionately reduce amortized interest charges.

Reducing total interest charged and paid on the amount borrowed through periodic payments on principal is what reduces total mortgage repayment liability. As the total amount of interest paid on a mortgage is reduced, the amount of monthly payments required to pay off the loan is also reduced. In many cases the total loan payments required to pay a mortgage off can be reduced by as much as one-third. In addition, as the principal amount erodes rapidly through the accelerated repayment aspects of Biweekly payment, equity can be accumulated up to 300% faster!

Getting Started On A Biweekly Mortgage Schedule

#1 Determine Whether You Will Calculate and Manage Your Biweekly Savings Plan Yourself, Or Use A Service Bureau

Calculating and Managing Your Own Plan

The first thing you will need to do is determine how many monthly payments remain on your mortgage. You can determine this by subtracting the total number of payments that you are scheduled to pay on your mortgage from the total number of payments that you have paid so far. This figure is the total number of payments that you have remaining. Here's an example on a 30-year loan:

Mary and her husband Jack financed their home for 30 years in January of 1997. In January of 1998 they read this manual and decide to repay their remaining loan schedule Biweekly. A 30-year loan is 360 mortgage payments regardless of the amount financed. Mary and Jack have paid 12 monthly payments and owe 348 more monthly payments.

Next we can calculate how much they actually owe by multiplying the number of monthly payments they have remaining by the amount of their monthly mortgage payment. Here's an example:

$$\$873.11 \text{ (monthly payment)} \times 348 \text{ months} = \$303,842.28$$

Next we can put together our savings plan. Mary and Jack now pay \$873.11 principal and interest for their mortgage payment. Instead, Mary and Jack will start a separate checking account in which they only deposit money for their mortgage payment. They will still deposit a total of \$873.11 every month in their account and pay their mortgage monthly. However, they will make a deposit of \$436.555 every two weeks into their account. The excess that will accumulate in the months that should be applied to the principal. These periodic reductions in principal will reduce the overall amount that Mary and Jack will repay on their mortgage.

To calculate the overall amount that you can save, you will need a calculator that amortizes, or amortization software. The calculator and/or software contains instructions on how to calculate mortgages. You can then calculate exactly how much you can save by paying your mortgage Biweekly.

In the contacts section you will find places to get amortization calculators and software. If you would like to avoid the potential hassles of managing and calculating your own Biweekly mortgage repayment plan then consider using a service bureau.

Option: Consider paying 1/12 of your monthly mortgage amount every month on top of your ordinary mortgage payment. This would allow you to consistently reduce your principal and amount of interest that you pay on your principal every month. Let's take a look at how much this would increase Mary and Jack's monthly payment:

If we divide their monthly payment of \$873.11 by 12 (months), they will need to pay an extra \$72.76 on their principal every month. Their monthly payment will increase by this amount to \$945.87.

If you can afford this increase in monthly payment consider this option. Just remember to indicate to your lender that you want the extra amount applied to your principal when you pay it. Most lenders have a space on their payment stubs that you indicate payments on principal.

Using A Service Bureau

When you use a service bureau to calculate and manage your Biweekly mortgage repayment plan, all of the guesswork and hassle can be greatly reduced. It will calculate your savings and manage your plan for as little as \$5 per month. This is less in many cases than what it would cost you to maintain a separate checking account to manage your own plan.

The ability to stick to a Biweekly plan is greatly increased by using a service bureau since most will automatically deduct every week half of your mortgage payment.

Interest and repayment savings is also optimized in that the service bureau will make payments of the excess funds that will accumulate by paying Biweekly with razor sharp precision on your principal. Execution, in regards to timely payments on principal of excesses accumulated from Biweekly payments, is paramount to maximizing and benefiting from the savings aspects of a Biweekly plan.

The quicker accumulated excesses are paid on principal, the more you will save. There are only 52 weeks in a year and on a normal repayment schedule you will make monthly payments during 48 weeks (12 monthly payments). On a Biweekly savings plan you will actually pay 13 monthly payments. However, to maximize savings this 13th payment should be paid during the times of the year when it is accumulated 1/2 month at a time. The sooner the accumulated amounts are paid the less interest that will be charged on savings and the more you will save.

#2 Get Started

Whether you decide to manage your own plan or choose a service, get started right away! The longer you wait, the less you will save. Check the Contacts Section of the manual for sources to all the tools you will need to get started.

Contacts

Biweekly Mortgage Payment Plans

CFS BANK Phone: 1-888 CFS BANK Visit our web site at: <http://www.cfsb.com>

Compustar, Inc. Minneapolis, MN Phone: (800) 789-0017 or 789-6816
e-mail: <mailto:csi@goldengate.net> Visit our web site at: <http://www.compustar.com>

Crown Mortgage Company Phone: 1-888-CROWN LOANS
e-mail: dlinley@crowuloans.com Visit our web site at: <http://www.crownloans.com>

Energy Savers Computer Assisted Services Ivan Oyer 1612 Saint David Dr.Danville, CA 94526
Phone: (510) 820-3041 Fax: (510) 820-9798 email: voyraine@aol.com

The First and Farmers Bank 509 Parke Ave PO Box 158 Portland, ND 58274
Phone: (701)786-3791 Fax: (701)786-2792 Visit our web site at: <http://www.ffbnk.com/bankinfo.htm>

First State Bank of North Dakota P.O. Box 98 Arthur, ND 58006-0098
Phone: (701) 967-8914 Fax: (701) 967-8991 email: Arthur
P.O. Box 125 Buffalo, ND 58011-0125 Phone: (701) 633-5106 Fax: (701) 633-5115 Email: Buffalo
Toll Free Phone: (800) 290-4306 Visit our web site at: <http://www.firststatebanknd.com>

Mortgage-Net AutoLink Payment Services 4616 Sahara Avenue, Suite 292 Las Vegas, NV 89102
Phone: 1-800-878-7727 Fax: 310-440-1033 email: autolink@mortgagesaver.com
Visit our web site at: <http://www.mortgage-net.com>

National Penn Bank P.O. Box 547 Boyertown, PA 19512-0547
Phone: (800) 822-3321 Visit our web site at: <http://www.natpenbank.com/contact.htm>

Pacesetter Financial 12068 Donner Pass Road Truckee, CA 96161
Contact: Bryan Mahoney 1-800-897-9580 email: <mailto:Loans@mortgagehome.com>

RKS Mortgage Corporation 15 McLeod Street Merritt Island, FL 32953 USA
Phone: 800-813-7197 ext 1601 Fax: 407-453-4030