

from chapter 14, "Debt Cures" by Kevin Trudeau

One of the most common ways banks try to forge a life-long relationship with you is through a home mortgage. It's an easy catch for them since so many of us want to own a home. And you certainly can, but there is no reason the bank has to be your partner for the next thirty years. You know that song, "Breaking Up is Hard to Do?" Sometimes, it's not all that hard after all. This is one relationship that you want out of and it may be a lot simpler than you imagine!

One of the most common desires in America is to become a homeowner. Having their own home gives people a sense of security, a sense of stability. It's a place to put down roots, to raise a family or to grow old. We all have our different reasons for wanting to have our own home and financially, it's a smart move. A home is almost always a much better investment than throwing your money away in rent year after year.

So, now you have a house. You planted some flowers and got a puppy for the backyard. Or you got that river front condo in the heart of downtown you've always dreamed about. Congratulations! You're a homeowner! Now what?

Well, actually, you're not a homeowner quite yet, not for maybe another 30 years. That's how long most mortgages run. This is when the second most common desire in America kicks in: To pay off your mortgage in less than 30 years! Well, you may be able to pay it off in as little as ten years!

Big Bucks

Never is the expense of interest more apparent than in a mortgage. And 30 years is a very long time to have to pay one. Most homeowners realize that they will pay about twice the purchase price of their home on a traditional 30-year mortgage. If you take out a shorter-term loan, the interest rate might be better, but the payments are higher and you may not be able to afford them. Maybe you just want to play it safe with a 30-year mortgage. Or maybe that is all your lender will offer you.

But, what if you don't want to wait for 30 years to pay it off? Can you pay it off faster? Do you have options? Yes! You have several options and you'll probably want to take advantage of one of them. When you pay off your mortgage faster, you can save *thousands* and *THOUSANDS* in interest. Curing the house-payment conundrum cures a lot of other debt headaches, too!

Consider making biweekly payments on your mortgage. Just make half of your payment in the middle of the month and the other half at the end instead of paying the whole thing at the end of the month. Believe it or not, that can shorten your 30-year payment obligation by years! You'll be paying the same amount each month, you'll just be doing it in two payments instead of one. This can save you thousands in interest and you'll own your home sooner. Check with your lender to see if this might work for you.

Or consider making a 13th payment every year. That money will go directly towards the principal. This will shorten a 30-year fixed rate mortgage by about 5 years. If the monthly payments are set up to include the escrows of homeowner's insurance payments and property taxes, then, depending on the amount of the escrows, you may be able to pay off your mortgage even sooner. You should always check the mortgage statements to make sure that the extra payment is, in fact, applied to the principal. Some banks will try to apply it towards the next month's payment, not the principal. Check first, though, to make sure your loan is set up so that you can do this. Not all of them are.

Bye-Bye PMI

Often overlooked by people when buying a house is the issue of PMI, Private Mortgage Insurance. PMI is just another scam to get money out of you. It's money out the window for you, another luxury vacation for them. Don't have a 20% down payment for that mortgage? You'll get hit with an additional fee - PMI. The theory behind PMI is that since you don't have a substantial down payment, you don't have a lot invested in that property, so you are more of a risk to just

walk away from the debt. Well, fine, you'd love to put 20% down. Of course you'd love to avoid that extra PMI charge. If you *had* the 20%, you'd put it down! But you can't, so you're stuck paying that darned PMI and there's nothing you can do about it.

Or is there?

Avoid It Like the Plague

If at all possible, *do not pay PMI*. When you are shopping for a house, try to find one in a price range where you will be able to put down at least 20%. The more you have for a down payment, the better interest rate you get, the lower principal balance you have, the lower your payment will be, and the less you pay over the life of the loan. And who wants to pay this extra thing called PMI?

If, for whatever reason, you cannot come up with 20% down, or you have already bought a house and are currently paying PMI, listen up: Do whatever you can to raise the money to bring your equity up to 20%. (Equity is the amount you have invested.) Borrow from your parents, borrow from your kids, have a bake sale in the driveway, whatever. Just get the money.

Practically speaking, you may not be able to come up with the full amount. You still have options. Eventually, your regular monthly payments will bring up your equity to 20%. *As soon as that happens*, call your lending bank or mortgage company and have PMI removed. You have to monitor it, though, and notify them when you have reached 20%. They won't. If you don't tell them to take it off, they'll keep charging it every month for the whole 30 years.