

52

**ways  
to save money  
on your  
mortgage**



**1** When you are first shopping around for a loan try not to pay any application fees. This will save you anything up to \$1000 straight away.

**2** Ask your lender for a discount on top of their quoted interest rate. Even 0.25% cheaper will make a huge difference to what you pay over the life of a loan.

**3** Shop around for a home loan. There are several websites that compare loan products. Pay particular attention to interest rates, fees and charges and early exit fees.

**4** Pay down the principal.

**5** Pay your mortgage weekly rather than fortnightly or monthly.

**6** Funnel all of your income into a 100% offset account to either reduce your principal or the interest on your loan.

**7** Get a line of credit and use your equity to invest at a higher rate of return and use the returns to pay off the principal on the debt faster.

**8** Close all bank accounts you are not using to save on fees.

**9** Put all of your expenditure on a credit card and pay it off at the end of the month to avoid interest.

**10** Make additional payments whenever you can from gifts or tax returns, even if it is only \$10.

**11** Beware of honeymoon rates, where lenders offer you a cheap interest rate for a set period. It's likely that once the honeymoon period is over, they will hike up the rate to higher than average.

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**12** Most lenders will lend for a 30 year period. Choosing to reduce the period you take the loan over will mean higher repayments but will save tens of thousands over the life of the loan.

**13** Pay a greater amount than you are required to. If interest rates go up, then you won't even notice.

**14** Get yourself three or four payments ahead and aim to increase that edge. That way if you lose your job or need extended unpaid time from work, you'll have a chunk of money in your mortgage as a buffer.

**15** If you are a smoker, give up. That extra \$100 per week can go on the mortgage, and your body will thank you for it.

**16** Consider doing away with the car and put the extra money on the mortgage. If you can't live without a car, park it further from your destinations on a regular basis and save money on fuel.

**17** If you are a two-car family, try doing away with one car and sharing one.

This will save hundreds of dollars per month in running costs, which could be going on your mortgage.

**18** Forego the luxuries for a few years and put the additional income on your mortgage. How many new clothes and fancy holidays do you need anyway?

**19** Look at your discretionary spending. \$20 per week on cappuccinos is nearly \$1000 per year, which you could be using to slash thousands of dollars in interest off your mortgage.

**20** When you first take out your loan, if your lender will let you, pay your first loan repayment on or before the settlement date. This will put you one step ahead of your mortgage for the life of the loan.

**21** You'll save a few thousand dollars on the amount of interest you pay over the life of the loan if you pay all of the fees and charges up front, instead of bundling them into the loan. It won't be a huge amount, but probably a couple of decent airline tickets to somewhere good.

**22** Regularly review your loan and switch lenders if you find a better deal. Just make sure your discharge fees don't negate any benefits.

**23** Consolidate your debts. Paying a variety of loan products all at different interest rates will slow down your progression towards owning your home considerably.

**24** When interest rates are low, consider splitting your loan between fixed and variable. That way you can throw lots of additional money at the variable portion and just pay the minimum on the fixed portion of your loan.

**25** Make every cent work for you. Collect all of your loose change in a jar and take it to the bank and deposit it on your mortgage once a month. The tellers won't like you for it, but your loan balance will respond positively over time.

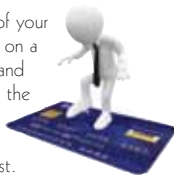
**26** Look at additional income streams such as working part-time to pay extra off your mortgage.

**27** Turn your unwanted household items such as the rice steamer Auntie gave you for Christmas into cash and put it on the mortgage.

**28** For the first years of the loan, think carefully about what you really need. A pet puppy looks cute, but their care and expenses will soon add up to a lot, which could have gone on the mortgage instead.

**29** Check your bank statements regularly for any errors. Banks make mistakes like anyone else.

**30** In order to pay the maximum amount off your mortgage, you can regularly work out a weekly budget and stick to it.



# o save money on mortgage



**31** If interest rates fall, don't spend the additional money you have left which would have previously gone into the mortgage. Keep paying into your mortgage at the higher rate.

**32** Walk the extra distance to the ATM which is fee-free when making withdrawals. The extra \$1 - \$2 saved each time can go on the mortgage.

**33** Organise your salary to be paid directly into your mortgage account. This will ensure it hits the bank as soon as you are paid, rather than you having to transfer it manually when you get around to it. Take your lunch two or three days each week instead of buying it. This can give you an extra \$20 per week or close to \$1000 extra p.a. to put onto your mortgage.

**34** If you have a spare room, consider taking in a boarder or two. This can potentially earn you thousands extra each year, which can shave years off your loan term.

**35** Do you have a garage you are not using? In certain areas **GARAGE FOR RENT** where off street parking is hard to find, people will pay well to rent a garage.

**36** Shop around for grocery items and keep an eye on where the specials are. The dollars saved can pay down more off the mortgage.



**37** When someone you work with lives close by, consider car pooling to save on fuel and put the savings onto the mortgage.

**38** Instead of paying for an expensive holiday every time you need a break, advertise your home on the swap internet sites and see if you can exchange houses with someone else for a week. Potentially this could save you thousands of dollars each year.

**39** Make sure when you are ready to buy that you have a 20% deposit. This will save you thousands on mortgage insurance.

**40** If you do have to pay mortgage insurance at first, aim to pay down your loan below 80% as soon as you can and then ask your lender to cancel the insurance as soon as your mortgage balance falls below 80% of the home's value or the home's value has increased, giving you a bigger share of equity than 20%. This will be a big savings which you can direct into your mortgage to pay down the principal.

**41** Food is a major expense for most. Look at ways to save - such as eating at friends or relatives houses regularly.

**42** Regularly review other regular expenses such as phone, power and insurances to make sure you are on the most competitive deal.

**43** Where you have several insurances, ask for a multi-policy discount.

**44** Shop out of season for clothes and shoes. You can save as much as 50% if you buy summer clothes in winter and winter clothes in summer.



**45** Take advantage of cheap nights for eating out at local clubs and pubs. Sometimes this can be cheaper than staying home to cook.

**46** If you have a skill which is of benefit to someone else then see if you can swap skills rather than paying for them. For example if you can do bookkeeping, offer your hairdresser a contra deal, rather than paying for haircuts.

**47** If you have a decent backyard, try growing your own food. You won't be able to replace everything you buy, but a decent vegetable patch will go close to supplying your vegies.



**48** Use interest free loans whenever you can, particularly to pay off big ticket items such as lounges and TVs. Make sure you have it paid off completely by the time the interest free period has expired.

**49** Plenty of loans have the option of redraw facilities, which can be great for renovations or other asset or wealth building activities. But don't be tempted to fritter away your hard-won equity by redrawing for bills or for lifestyle items such as expensive holidays or furniture.

**50** When you find your first property, negotiate hard on the purchase price. Every \$1000 off is better in your pocket than in the vendors.

**51** Buy items in bulk where you can to gain a better price. Put the savings into your mortgage.

**52** Whenever you are buying big ticket items such as electrical or white goods, always aim to negotiate a cash price well under the asking price. Put the savings into your mortgage.

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