

There are several types of mortgage payment options that lenders offer and several ways to pay the mortgage off faster.

Monthly Payment

This is the most common, and is the default payment schedule offered by your lender. You'll make 12 payments per year, on the same day each month.

Semi-Monthly Payment

With a semi monthly option, you'll pay your mortgage twice a month, on either the 1st and 15th, or the 16th and end of month. Multiply your monthly payment amount by 12 and divide it by 24 to get the semi monthly payment amount. The total amount paid per year will be the same as the monthly option.

Bi-Weekly Payment

With a bi-weekly payment, you'll multiply your monthly amount by 12, and then divide by 26 pay periods. The total amount paid per year will be the same as the monthly option.

Bi-Weekly Accelerated Payment

With a bi-weekly accelerated option, you'll divide your monthly payment amount by 2, and then pay over 26 pay periods. With this option, payments are a little higher, amounting to roughly one extra payment made per year. This is an effective way to pay down your amortization faster.

Weekly Payment

With this option, you'll make a mortgage payment each week. Multiply the monthly amount by 12, and then divide by 52 pay periods in a year. The total amount paid per year will be the same as the monthly option.

Weekly Accelerated Payment

With this option, the monthly payment amount is divided by 4, and then paid over 52 payments. As with the bi-weekly accelerated option, each payment will be a little higher than with the typical weekly option.

Note that lenders only offer accelerated options on weekly and bi-weekly payment frequencies (there's no option to have accelerated monthly payments).

Is Accelerating Your Mortgage Right for You?

The main consideration when choosing your mortgage payment frequency is whether paying more each month can be absorbed by your household budget. Would you still be able to cover other debt obligations, contribute to savings, and have enough disposable income to cover everyday expenses?

If you have the financial wiggle room to swing it, the benefits can be well worth it, resulting in thousands more in your pocket, and building equity in your biggest asset – your home – even sooner.

Other Ways to Pay Down Your Mortgage Faster

Lump Sum

This option will allow you to pay a chunk toward your mortgage principal, up to a certain percentage each year. Most lenders offer the option of paying down 10% - 20% of the outstanding mortgage amount on the anniversary date.

Increasing the Amount of Your Payments

This allows you to increase the amount of each payment, with the additional amount being applied towards the mortgage balance (principal), thus reducing the total cost of interest.

Double Up Payments (Matching Payments)

Some lenders allow you match the amount of each payment with the matching amount being applied to the mortgage principal. Additionally, some lenders will allow you to skip the equivalent number of payments that you double. This can be helpful for borrowers who have seasonal income (such as teachers).

For these options above, you can start - and stop - any additional payments anytime, and switch between the payment options without a fee or cost. It is often best to wait a few months to get an accurate household budget developed before deciding to make extra payments. It is easier to increase payments - and reduce the amortization than to ask to decrease them later on.