BNN
BUSINESS NEWS NETWORK
PERSONAL FINANCE
Real Estate
Feb 7, 2018

Pattie Lovett-Reid: 5 costly mistakes to avoid when paying down your mortgage

By **Pattie Lovett-Reid**

Sean Cooper, a millennial who paid off his $250,000-mortgage in about three years, and author of "Burn Your Mortgage: The Simple, Powerful Path to Financial Freedom for Canadians," knows a thing or two about the dos and don’ts of getting the job done. Paying off your mortgage quickly doesn’t mean you have to survive on Kraft Dinner, but it does mean you have to avoid a few rookie homeowner errors.

Here are Cooper’s five most costly mortgage mistakes to avoid:

1. Shopping for a mortgage based solely on the lowest rate. The mortgage with the lowest rate isn't always the best mortgage. There are other factors to consider like prepayment privileges, penalties and portability.

2. Not taking the time to read the fine print. By not reading your mortgage, you could find yourself trapped in a collateral mortgage, or a mortgage with hefty penalties if you end up breaking it early.

3. Not getting pre-approved for a mortgage. You'd be surprised to hear how many people make an offer without getting pre-approved first. Doing this can be disastrous.

4. Failing to review your credit report and credit score ahead of time. If you're thinking about buying a home, it's a good idea to review your credit score and credit report six months to a year ahead of time. That way you'll have plenty of time to fix an error on your credit report or improve your credit score if it's lower than you anticipated.

5. Failing to shop around at renewal. While most of us shop around when we first sign up for our mortgage, far too many of us simply sign the renewal papers without making the same effort. Your lender may not be giving you its best offer, so see what else is out there.

Not everyone can realistically pay off their mortgage in three years, but who doesn’t want to pay it down sooner rather than later?