

10 Ways to Pay Off a Mortgage Quickly

Only a true fan of leveraged investing looks at a mortgage as anything other than one of their largest bills that they would love to eliminate from their life. Just think of it – what could you do every month if you [didn't have a mortgage payment](#)? If you're like most docs, with a paid-off mortgage, you could buy a new car every year. You could go on several very nice international vacations. Perhaps you could reach financial independence half a decade earlier by investing what you were paying.



Long-term readers know that we paid off our mortgage in about 7 years and are currently [debt-free](#). This was a major financial goal for us and one we are happy to have accomplished. If you would like to do the same, consider these ten strategies to pay off a mortgage quickly.

1 Don't Get a Big Fat Mortgage

There is a reason this "technique" is listed first—because it is the most effective! Want to know the best way to pay off your mortgage early? Make it a very small part of your financial life. You can start by [buying a house you can](#)

[actually afford](#). My usual guideline is to keep the mortgage to less than 2X your gross household income. But guess what? Nobody says you HAVE to get a 2X house. You could get a 1X house. Or a 0.5X house. Even if you want that 2X (or 3X or 4X) house, you could just put down more money and keep the mortgage to income ratio low. That would mean you would have to control your spending, of course. But the less you spend and the more you put down, the easier it's going to be to pay off the mortgage. And if you think you can stretch that guideline because you live in [NYC, DC, or California](#), please only go 3-4X and make changes elsewhere in your financial life to make up for it.

2 Don't Get a Big Long Mortgage

Guess what? If you get a [15-year mortgage](#), never refinance, and make all of the mortgage payments, you'll have it paid off in 15 years. You could even get a 10-year mortgage if you want. Want to pay off your mortgage quickly to reduce interest? Reduce it even more by getting a lower interest rate for committing to a shorter mortgage period.

#3 Make Biweekly Payments

This is one that people think is pretty awesome. Instead of paying your mortgage once a month, pay half your mortgage every two weeks. Instead of making 12 full payments a year, you'll make 26 half-payments, the equivalent of an additional payment every year! On a 30 year 5% mortgage, just doing this knocks 3 1/2 years off your mortgage.

4 Pay a Little Extra Each Month

You know what else pays off your mortgage faster? Throwing more money at it. Imagine you have a \$500K 30 year 5% mortgage. The principal and interest payment on that is

\$2,684. What if you threw an extra \$500 a month at that? Well, you'd knock almost 9 years off the mortgage.

#5 Refinance Your Mortgage

If you've got an above-market mortgage, [this can help a lot too](#). Just be sure you don't "reset" the payment period to 30 years! Take the difference between your old payment and your new one and pay it as an extra principal payment each month. To make this even more powerful, refinance into a SHORTER period (like from a 30 year to a 15 year) AND throw any extra cash into the loan.

For example, let's say you've been paying on a 5%, 30 year, \$500K mortgage for 3 years. You've paid off \$23,282. Let's say you're ready to go to a 15-year mortgage and you're able to refinance into a 3.5% 15-year mortgage AND that you have \$50K sitting around that you're going to throw into the mortgage as part of the refinance. Your mortgage payment only went from \$2,684 to \$3,051 and you knocked 12 years off your mortgage.

6 Mortgage Acceleration

This one has made the rounds out there, mostly by people hoping to profit from selling you this "system." The bottom line is that you use a HELOC as a checking account. This saves you a little money by allowing your "checking money" to be earning at a higher interest rate (the rate of the HELOC), but mostly just tricks you into putting more money toward the mortgage. It works, but not nearly as well as the system sellers would like you to believe. Watch those fees! More details on [Mortgage Acceleration](#) at the link.

7 Sell the House



What's the best way to pay off your mortgage early? Never get a big fat mortgage!

Just because you bought a big house with a big mortgage in a high cost of living area at one point doesn't mean you have to stay there forever. [If you sell the house, the mortgage goes away](#). If you buy a cheaper one, you may not have a mortgage on it, or at least should have a smaller one that you can pay off more quickly.

8 Sell the Rental Properties

Are you burdened with not one but two, three, or even four mortgages? Why not sell off all those rental properties and use the proceeds to pay off your mortgage? Yes, you may come out ahead [maximally leveraging up your life](#) especially if appreciation works out well for you, but this can be a very rapid way to eliminate a lot of debt from your life in one fell swoop.

9 The Mortgage Side Fund

This is one that Katie and I tried for a while. Instead of putting extra money toward our 2.75% mortgage (more like 1.6% after-tax) we invested it in a taxable account (after maxing out our retirement accounts.) The plan was to wait until the

taxable account equaled the mortgage and then liquidate the investments and pay off the mortgage. The idea was to borrow at 1.6% and earn at 5%, 8%, 10%, 12%+! You can read more about it [here](#). We never actually ended up liquidating the investments because we found an even better way to pay off a mortgage quickly.

10 Toss Wind Falls at the Mortgage

This is what Katie and I actually did. When we earned more income than we expected or otherwise had a [windfall](#), we threw it at the mortgage. The bigger or more frequent the windfalls, the faster the mortgage goes away. Again, imagine you have a 5%, 30 year, \$500K mortgage and you get a \$50K windfall every three years you will throw at the mortgage. How long until the mortgage is paid off? 15 years. Luckily for us, our windfalls were larger and more frequent than that. We were 6 years into our 15-year mortgage and used three large windfalls over the course of about a year and a half to finish it off.

So if you're sick of your mortgage, use one or more of the above techniques to get it out of your life! If you don't like it, you can always go back into debt but if you're like me, you're never going back to that.

What do you think? Have you paid off your mortgage? How did you do it? What do you think is the best way to pay off a mortgage quickly? If you're working on paying your mortgage early, what are you doing and how is it working? Comment below!