

### Mortgages: Spoiled for Choice



It is likely that during your lifetime you will allocate more dollars to the place you are going to sleep than anything else. As such, the potential to transfer your wealth away unknowingly and unnecessarily as a result of decisions made surrounding your mortgage is just as high. There is a great deal of misinformation and misconception concerning this topic, and often our decisions are made based on hearsay or commonly accepted perceptions, what others have done, or even media influence, not what is necessarily correct.

#### Choosing a Mortgage

There are so many options available; it can be daunting which option is best to say the least. It is no wonder that making the right choice can be very confusing, and it can be easy to doubt that you have made the right decision even after the choice has been made. Ask yourself this. If the mortgage lending institutions made the same amount on every mortgage option, how many options would there be? Obviously, there would only be one. Since there are so many, it can be helpful to have someone on your side that is more knowledgeable about the subject to steer you clear of the pitfalls.

People tend to maintain different staunchly held views about which mortgage is “best,” and as a result it can be difficult to have an open conversation about it. After all, nobody wants to hear that the decisions they have made might not have been the best ones. What’s more is that these decisions have not been made haphazardly, but with great care and effort. We make decisions based on the things we “know,” which we also think are true. But what if what you “know” turned out not to be true?

#### The Mortgage Quiz

Let’s run through the mental exercise of taking the following true/false quiz:

1. A large down payment will save you more money over time than a small down payment
2. A 15-year mortgage will save you more money over time than a 30-year mortgage
3. Making extra principal payments saves you money
4. The interest rate is the main factor in determining the cost of a mortgage
5. You are more secure having your house paid off than financed 100%

Chances are you answered most, if not all of these questions with a reasonable degree of certainty. However, if you have made mortgage decisions based on what you thought to be true, and it turns out that the answers are different than what you thought, you could be negatively impacting your wealth potential as a result.

- Does the value of your house go up when you make extra principal payments?
- Do your payments go down?
- Can you easily get to the money in your house after you put it there?

These are just a few of the questions we will discuss together and help you determine which mortgage option is best for you. **If what you thought to be true about mortgages turned out not to be true, when would you want to know?**