What is the Best Day of the Month to Close on a Home Loan?

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If you are searching for the best day to close your home loan then you must know that the last days of a month is the best time. This will help you to save a lot of money because it will make sure that you donâ€™t pay the extra interest which you will have to pay, if you pay in the middle of the month. Home loan is a huge amount of loan and closing it is surely a huge relief for you. Thatâ€™s why you must always find the right day of the month to close the home loan and not pay the extra interest.

Now, you have to understand how closing your home loan at the end of the month can save you money. The interest of the loan is calculated from the day you have closed the home loan. Thatâ€™s why, if you close your home loan in the middle of any month then next time, when you will pay the interest, it will include the remaining days of the month you closed your home loan on. If you close the loan just few days before ending of the month then you will have to pay interest for those few days the next time only.

A little example will help you to understand this better. Say you have a home loan with a 6% interest rate for each month. Now, you must calculate the amount of interest rate you pay every month. Divide that with the number of days of a month to find out how much you need to pay every day for that home loan. Now, if you close the home loan on 15th of a month then you will have to pay the amount due for rest of the 15 or 16 days next time. So, you will end up paying a lot more.

However, if you close the home loan on the 29th or 30h day of a month then you just have to pay the due for the rest 1 or 2 days next time you are closing the home loan. This clearly shows that itâ€™s always a great idea to close your home loan as late as you can on each month. So, from now on, you just need to go to your lender at the end of the month to close on your home loan and save significant amount of money each time.

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