

Prepaying a Mortgage

It is true that prepaying a mortgage can save loan interest costs over time. What is not widely understood is that this savings may come at the expense of paying more income taxes and experiencing lost opportunity costs on the extra payments that may result in costs greater than the loan interest savings. The estimated total cost to the consumer is rarely explained or calculated by many financial institutions while the interest saved is always shown. Consumers should be careful to obtain a complete and proper analysis before spending their hard earned money on paying down their mortgage faster. LEAP[®] provides helpful information for you to review with your mortgage broker.

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