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[Should You Pay Off Your Mortgage Early?](#)

Friday, October 22, 2010 by [Doron F. Eghbali](#)

Despite the fact many homeowners are grappling with foreclosure or such eventuality, there are homeowners who are wondering whether they should pay off their home mortgage sooner. Such homeowners rightly postulate they could sleep better at night by paying off their mortgage and not worried about their boding to be taken away from them. Despite the cogency of such line of reasoning, not everybody should pay off their mortgage sooner. Let us analyze this important topic further.

SOME OF THE CONSIDERATIONS BEFORE PAYING OFF YOUR MORTGAGE

1. How Much More Could You Make On Your Extra Cash Somewhere Else?

If your:

- Extra cash is sitting around in your bank;
- Extra cash is not tied up in an IRA account; And
- Extra cash is increasing steadily and comfortably.

Then you *could* think about paying off your mortgage sooner. Nonetheless, even then, you should ensure you are getting the best return on your extra money you will be contributing to your mortgage. For instance, if with that money and the current real estate market, you could purchase a rental or commercial property and make 7 to 8 percent annual returns while your mortgage is around 6%, then paying off your mortgage sooner is necessarily not a prudent use of your extra money from investment point of view. This is extremely important to note this consideration **SHOULD BE MADE ON A CASE BY CASE BASIS** because every home borrower has different levels of cash savings, annual percentage rates and priorities.

2. How Close Are You to Retirement?

This consideration is especially important for two important reasons. First, the closer you are to retirement, the more important it is for you to have peace of mind in the long term and live without worrying about paying off the next mortgage. Note, this explanation posits you have enough cash for paying off your mortgage and the extra cash is not potentially tied up in an IRA account. The second reason is the closer you are to retirement, usually, the more principal and less mortgage you have. This consideration is important as you can take advantage of extremely helpful tax deductions for paying off your home mortgage.

CAVEAT: Refinancing is Not Always to Your Advantage

Some homeowners might think about refinancing and bringing down their monthly payments. Nevertheless, be leery of refinancing as this entails thousands of dollars in other costs that you might not recover during the term of your new loan. In fact, refinancing has its own [drawbacks](#).

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