

Suggestions from BWMA to Keeping Your Home Mortgage and Other Loans Current.



When you find yourself in a hole, stop digging.

Not making your mortgage payment should be your very last bill to stop paying.

During the Great Recession of 2008, borrowers who got behind on their payments were forced to do loan modifications, giving up all the years they previously paid on their loan, only to end up with a 40-year term mortgage.

Almost all your bills, except your mortgage, are negotiable. Your property tax assessor may let your property taxes slide (and may even waive them, or put them as a lien on your property, to be paid when you sell your property in some states or counties). Gas and Electric companies in times such as these, will often consider restructuring your payments. Insurance companies are not canceling policies and health and life insurance companies are asking the Federal Government for bail out money.

The difference between your lender and other creditors is that your lender wants every penny back and often expects repayment as soon as a crisis is over.

Case in point: Let's say your mortgage payment is \$2,000 a month, (\$1,000 biweekly). You elect to skip 3 months, assuming you were having a hard time coming up with \$2,000 a month before the virus, now you are really in a hole 90 days later owing \$6,000 **immediately** or to be paid back in 12 installments of \$500. Your mortgage payment went from \$2,000 a month to \$2,500.

It may be possible, to defer your taxes and insurance and not escrow them for a period of time, making partial payments on your principal and interest. Let's say out of your \$2,000 a month payment, \$700 is taxes and Insurance, reduce your payment to \$1,300 or \$650 biweekly. If you can't afford \$650 consider making a partial payment such as \$500 biweekly. (Contact BWMA Customer Care for solutions on how to go about this.)

You won't be going in the hole that much and as a matter of fact, from using the strategy of paying biweekly, you can use the extra biweekly payment that occurs twice per year to help you come close to being current. When everything turns back to normal, you will owe very little in back payments, perhaps just taxes and insurance premiums, which are negotiable.

In summary, keep paying your monthly bills as long as you can. Reducing the amount you pay on your mortgage should be a last resort. If making your mortgage payment is an extreme hardship, reduce your monthly payment by the amount of your escrow.

If money is still tight, reduce your monthly principal and interest by 8% and you may not owe any more money to your lender when you go back to making full payments again.

Bottom line is any partial payment automated biweekly is better than no payment at all. Contribute what you think you can afford now; you can always call in, or go online, and modify or change the amount later.

The important lesson is when you find yourself in a hole, - stop digging.

May you be safe and out of harm's way,

Respectfully the Biweekly Mortgage Association