How do I manage my monthly mortgage payment?

Your monthly mortgage statement has information that you can use to stay on top of your mortgage payment.

A mortgage statement usually comes monthly. Your statement contains the following information (as well as other information):

- Customer service contact information for your mortgage servicer
- The amount due
- The due date
- Your interest rate
- Fees and charges
- Information about any past due payment, late fees, and how much you must pay to bring the account current if you are delinquent on your loan for more than 45 days

Review your statement each time it arrives. This can help you spot problems quickly. If you don't understand something on the statement, contact your mortgage servicer using the contact information on the statement. You can also send a written request for information.

Consider setting up automatic payments with your mortgage servicer or through your bank or credit union. This can help you stay on track.

What to do if you get a coupon book

Not everyone receives a periodic mortgage statement. Some people may receive a coupon book. Servicers usually send out coupon books in the mail once a year. Coupon books usually have payment slips ("coupons") that you tear out and return with your payment. If you receive a coupon book, it might only include the servicer's contact information, your account information, and the amount due. You may need to contact the servicer to request other information, for example, an explanation of amount due or past payment information.

Some servicers may not send mortgage statements or coupon books but instead may send you an email or other type of notice telling you what to pay. If you aren't sure, contact your mortgage servicer.

Bi-weekly mortgages shorten the loan term from 30 years to 18-19 years by requiring a payment for half the monthly amount every two weeks. While you pay about 8 percent more a year toward the loan's principal than you would with the 30-year, one-payment-per-month loan, you pay substantially less interest over the life of the loan. Keep in mind, however, that with shorter-term loans, you trade lower total costs for smaller mortgage interest deductions on your income tax.

Mortgages with changing interest rates and/or monthly payments exist in many forms. The adjustable rate mortgage (ARM) is probably the most common, and there are many types of ARM loans available. The ARM usually offers interest rates and monthly payments that are initially lower than fixed-rate mortgages. But these rates and payments can fluctuate, often annually, according to changes in a pre-determined "index."

COMPARING FEATURES

Probably the single most important factor to look for when shopping for a home mortgage is the annual percentage rate, or "APR." The APR should include virtually all the costs of credit, including such items as interest, "points" (fees often charged when a mortgage is closed), and mortgage insurance (when included in the loan). Lenders must disclose the APR under the Truth in Lending Act. The lower the APR, generally the lower the cost of your loan. Advertisements that state other rates such as "simple" interest rates, do not include all the costs of the loan.
If you shop for a mortgage loan with interest rates or payments that change, be sure to compare:
Initial interest rates:

- The "cap" -- or how much the interest rate can increase/decrease over the life of the loan, and how much the rate can change at each adjustment;
- How often the interest rate can change; How much and how often the monthly payments and term of the loan can change;
- What index is used to determine the rate changes;
- What "margin" is used -- or how much additional a lender can add to the adjusted interest rate;
- The limits, if any, on "negative amortization" -- the loss of equity in your home when low monthly payments do not cover fully the interest rate charges agreed upon in the mortgage contract; and any "balloon" payments -- a large payment at the end of your loan term, often after a series of low monthly payments.

The material in this handout represents general legal advice. The law is continually changing; although the information in the handout was current as of the date it was drafted, some provisions in this pamphlet may have changed. It is always best to consult an attorney about your legal rights and responsibilities regarding your particular case.

Why did my monthly mortgage payment go up or change?

Several things can cause your mortgage payment to change. Check your mortgage statement or contact your servicer and ask them to explain.

There are several reasons why your monthly mortgage payment may have changed. Some examples include:

1. **You have an adjustable-rate mortgage (ARM) and the interest rate changed.** Check the type of mortgage you have. Some homeowners believe that they have a fixed-rate mortgage loan when their loan includes an adjustable-rate or some other feature that can cause their interest rate and payment to change.
2. **You have an interest-only or pay-option loan and you are starting to pay principal.** With these loans, you can postpone making principal payments for a while. That means that for a period you are only paying off the interest that's accumulating on the amount you borrowed to pay for your home. Eventually, you must start paying principal, or the actual amount you owe on the home, and that will make the monthly payments go up.
3. **You have an escrow account to pay for property taxes or homeowners insurance premium, and your property taxes or homeowners insurance premiums went up.** Check your monthly mortgage statement. If your monthly mortgage payment includes the amount you must pay into your escrow account, then your payment will also go up if your taxes or premiums go up.
4. **You have a decrease in your interest rate or your escrow payments.** It could also be because you stopped paying for private mortgage insurance. If you have private mortgage insurance, your payments may change once you are able to and do cancel the insurance.
5. **You were charged new fees.** Your servicer may have charged you fees that increased your monthly payment. Check your monthly mortgage statement or any correspondence you recently received from your lender or servicer.
6. **It's also possible that your mortgage servicer simply made a mistake.** If you think your servicer made a mistake, first call your servicer to check. While on the phone, explain the situation to the servicer. Ask for a corrected statement. Also, ask for a reference number and the name of the person you are talking to, and take detailed notes on what you talked about and the date of the call, so you can keep track for your records. If your servicer doesn't fix the problem over the phone, send a notice of error to your servicer explaining why you think it made a mistake in calculating your loan payment. Make sure you send the notice to the address your servicer uses for errors and information requests. This address should be listed on your statement or the servicer's website – it might be different from the address where you send your payments.

TIP: If you still don't understand why your payment changed, you should call your mortgage servicer, and you may also want to send an information request. If you have a problem with your mortgage, you can submit a complaint to the CFPB online or by calling (855) 411-CFPB (2372).

How do I dispute an error or request information about my mortgage?

If you think your mortgage servicer has made an error or need information about your mortgage loan, you can call or write a letter to your servicer. You may get more protections if you write a letter.

Your servicer may be able to help you over the phone. See your monthly mortgage statement or coupon book for the phone number. However, to guarantee yourself a timely written response, you should write to your servicer and send it to the address provided by the servicer for such requests.

If you submit a letter, remember:

- **To include your name, home address, and mortgage account number.** Use the name that is on your mortgage.
- **To identify the error or information.** Tell your servicer exactly what error you believe occurred, or what information you're requesting.
- **Not to write your letter on your payment coupon or other payment form.** You might not get the same protections.
- **To mail the letter to the right address.** A mortgage servicer may use a special address for borrowers to send requests to correct errors or request information. You generally should be able to find this address in a notice from your servicer, on your monthly mortgage statement or coupon book, on your servicer's website, or by calling your servicer. If your servicer uses a special address, you must send the letter to that address.

Tip: While you're waiting for a response, you should continue making your mortgage payments as scheduled.

Your mortgage servicer's response

Your mortgage servicer must send you a letter informing you that it received your letter within five days (not including weekends and legal public holidays) of receiving your letter. Generally, your mortgage servicer must respond with an answer to the error or information request within 30 days (not including weekends and legal public holidays).

If you're disputing an error, your servicer can:

- Correct the error and confirm the correction in writing
- Investigate the error and provide you a written notice explaining why it has found that no error occurred and how you can find out more
- Ask for additional information
- Inform you in writing that it will seek an additional 15 days (not including weekends and legal public holidays) to investigate and respond to your notice of error

If the error you are writing about has to do with the servicer improperly starting the foreclosure process, moving for a foreclosure judgement or order of sale, or conducting a foreclosure sale, then generally the servicer must respond to your notice of error before the foreclosure sale.

If you're requesting information, your servicer can:

- Provide the requested information in writing
- Search for the information and provide you a written notice explaining that the requested information is not available, and give you contact information for more help
- Inform you in writing that it will seek an additional 15 days (not including weekends and legal public holidays) to respond to your request

If you have a problem with your mortgage, you can submit a complaint online or by calling (855) 411-CFPB (2372). You can also reach out to a housing counselor. If you're facing imminent foreclosure or have been served with legal papers, you may also need to consult an attorney.

How to avoid foreclosure

The most important thing you can do when you're having trouble paying your mortgage is take control. In most cases, the worst thing you can do is nothing. Taking control means taking four steps:

1. **Make or take a call for help:** Take control by accepting calls from your mortgage servicer. Even better, call your mortgage servicer as soon as you know you can't make your monthly payment. The phone number is on your monthly bill. Tell your servicer why you can't make your monthly payment and ask the servicer for help avoiding foreclosure.

2. **Ask for free expert help:** Your servicer may be able to help if you get in trouble with your loan payments. If you can't get what you need from your servicer, ask for expert help from housing counseling agencies near you. The counselors can develop a tailored plan of action and help you work with your mortgage company. Visit consumerfinance.gov/mortgagehelp or call (800) 569-4287 and enter your ZIP code, to find a HUD-approved housing counselor.

3. **Slam the scam:** Scam artists try to take advantage of homeowners who get into trouble by charging lots of money—even thousands of dollars—for false promises of help. You should not have to pay anyone to help you avoid foreclosure. The help you need may be available at no cost to you from your servicer, or through a HUDapproved housing counseling agency.

4. **Apply for help:** Your loan servicer must contact you, provide you with accurate information, and tell you about loss mitigation options you may be eligible for. Loss mitigation refers to the ways your servicer can work with you to avoid foreclosure. If you send in a complete application to your mortgage servicer early enough, your mortgage servicer must tell you the options you have to keep your home, or if it makes more sense, to leave your home. Housing counselors have a lot of experience helping people work on avoiding foreclosure. They can assist you with the complicated steps to understand your options and apply for help.

Your mortgage servicer can't make a first notice or filing for foreclosure until you are more than 120 days behind on your payments. In addition, when you submit a complete application for mortgage help early enough, the mortgage servicer can't start foreclosure while you're being evaluated or if you're following through on the requirements of a loan modification. So, get it done, and don't delay. The earlier you complete the application, the more protections you get.

How to spot a foreclosure scam

Foreclosure scammers might tell you they'll save your home from foreclosure when they're just taking your money.

Watch for these scam warning signs:

- You're asked to pay up front for help.
- The company guarantees it will get the terms of your mortgage changed.
- The company guarantees you won't lose your home.
- You're asked to sign over title to your home or to sign other documents you don't understand.
- You're instructed to send your payment to someone other than your mortgage company or servicer.
- The company offers to do a "forensic audit."
- You're told to stop paying your mortgage.
- The company says they're affiliated with the government or uses a logo that looks like a government seal but is slightly different.

Submit a complaint

Have an issue with a financial product or service? We'll forward your complaint to the company and work to get you a response— generally within 15 days.

Online
consumerfinance.gov/complaint

By phone (180+ languages)
M-F, 8 a.m. - 8 p.m. ET
(855) 411-CFPB (2372)
(855) 729-CFPB (2372) TTY/TDD

By mail
P.O. Box 2900
Clinton, IA 52733-2900

By fax
(855) 237-2392

OFFICE OF THE STAFF JUDGE ADVOCATE
28th Bomb Wing
1000 Ellsworth Street Suite 2700
Ellsworth AFB, SD 57706
DSN: 675-2329
Commercial: (605) 385-2329

GENERAL TIPS FOR BUYING A HOME

INTRODUCTION

If you are buying a house, especially your first one, you may have some basic questions about home financing. The following information may help.

HOW MUCH CAN I GET?

A general rule is that you can usually qualify for a mortgage loan of two to two and one-half times your family's income. For example, if your family has an annual income of $30,000, you can usually qualify for a $60,000-$75,000 mortgage. Lenders use many other factors to determine how large a mortgage they will give you. For example, lenders generally prefer that your housing expenses (including mortgage payments, insurance, taxes, and special assessments) not exceed 25-28% of your gross monthly income. Other long-term debt (monthly payments extending more than 10 months) added to your housing expenses should not exceed 33-36% of your gross monthly income. Federal Housing Administration (FHA) and Veteran Affairs (VA) mortgage loan percentages may vary. Lenders will also want to know about your employment and credit history.

DOWN-PAYMENT AND CLOSING COSTS

Lenders usually expect between 10-20% of the house's price as a down-payment. Closing costs are often three to six percent of the loan amount. VA loans require no down-payment but closing costs still apply. However, larger down-payments lead to smaller monthly payments.

SHOP AROUND

Mortgage packages vary widely, and it is important to investigate the options. Compare the mortgages offered by several lenders before you apply for a loan. Most lenders require a fee when you file your loan application. The amount of this fee varies, but can reach $100-$300. Some lenders do not refund this fee if you are not approved for the loan, or if you decide not to accept the loan terms offered. Before you apply, ask the lender whether they charge an application fee, how much it is, and under what circumstances it is refundable.

WHAT KIND OF MORTGAGE IS BEST?

There are two major types of mortgage loans: those with fixed interest rates and payments and those with changing rates and payments. However, there are many variations of these plans on the market, and you should shop carefully for the mortgage that best suits your needs.
Common fixed-rate mortgages include 30-year, 15-year, and bi-weekly mortgages. The 30-year mortgage usually offers the lowest monthly payments of fixed-rate loans, with a fixed payment schedule. A 15-year fixed-rate mortgage allows you to own your home in half the time and for less than half the total interest costs of a 30-year loan. These loans, however, require higher monthly payments.

Current as of 2022