Tips for Dealing with an Underwater Mortgage

Millions of homeowners in the United States have an "underwater mortgage," meaning they owe more on their mortgage than the property is worth. Many are uncertain how to deal with this, but experts agree that ignoring the situation is not the answer.

- **Stay Put and Keep Paying**–You could still be underwater years from now, so before staying, see if you can get your home reassessed and possibly pay lower property taxes.
- **Refinance**–Refinancing and paying less on your mortgage may not be possible with negative equity, but you could qualify for the Home Affordable Refinance Program (HARP).
- **Loan Modification**–The lender agrees to lower the interest rate and payments on a temporary/permanent basis. Some lenders may reduce the principal, but homeowners might have to pay taxes on that amount depending on how the lender reports the modification. The homeowner's credit score could be affected.
- **Short Sale**–The mortgage lender accepts less for a property than what is owed. Consult with an accountant and/or attorney, along with a real estate professional, to ensure you're relieved of the deficiency.
- **Bankruptcy**–Filing for Chapter 13 bankruptcy could free up money to pay the mortgage for five years without interest. However, bankruptcy codes do not let borrowers negotiate mortgage debt, and payments still must be made.
- **Walk Away**–This could severely damage your credit score and take years to recover from financially. The owner also remains legally responsible for everything tied to the house.

Resources

Making Home Affordable Program (MHA):
www.makinghomeaffordable.gov

U.S. Department of Housing and Urban Development (HUD):
www.hud.gov

Call: 888-972-4732 **TDD:** 800.697.0353

Online: www.guidanceresources.com

Your company Web ID: STATENV