

Should you modify your mortgage?

Mortgage modification is not the panacea that so many have made it out to be. Yes you can save your home if the terms and conditions of your mortgage are made easier for you to pay but at what cost to you and your future?

Mortgage modification does not forgive the principal debt that you owe on your home. Rather the whole emphasis of the Home affordable Modification Program (HAMP) is to make your payments easier to make, not to make your home easier to keep.

The decision to keep your home involves much more than just the monthly affordability of the payment.

Let's look at an example that might be easier to conceive in your mind. If you have purchased a 2008 vehicle that cost you \$50,000 but is now worth only \$25,000. Something happens to your income that you can no longer afford the 750 payment you were making. You contact the bank and they tell you well you can keep the car and we will make you payments only 350 per month but you will pay for any additional 7 years. Now you do your homework and realize that the lowering of your payment to 350 for additional seven years makes your total payments for that vehicle, \$25,000 (what you have already paid) plus 29,400, in new payments. Do you accept that deal because it is easier to make monthly payments?

Some of you would and some of you would not make that deal. That is exactly what is happening with mortgage modifications.

If you have a home you purchased in 2008 for 200,000.00 which is now worth 100,000.00 what do you do? Well HAMP can reduce your monthly payment to 31% of your monthly gross income, which could make your life a lot easier. But in exchange you might have to extend your mortgage up to 40 years into the future. How much more are you spending on a home that has no equity and you have no real expectation that will have equity any time soon>

Traditionally homes in Florida have increased in Florida (except for the boom years of 2006-2008) of increase in value of 1-3% annual in value. That is all that property values will increase. So you do the math, if your home is 50% upside down, loan to value, when will your home break even? 15-17 years in the future??

If your financial situation prevents you from making your current monthly mortgage payments and your home is substantially upside down, you need to consider other alternatives to keeping that home and spending your life paying a bank.

Let's be realistic. Everyday most of us leave our homes, our families and loved ones to exchange a piece of our lives (hours at work) in exchange for dollars promised to us for that exchange.

Thus truly we exchange our life for dollars. Don't you have an obligation to yourself and your loved ones to spend those dollars wisely?

If your investment goes terribly bad, why hang on to it and spend good money after bad if there are alternatives to being a debt slave?

There are many alternatives and at Suarez Law Group we teach everyone who is willing to spend two hours with us at one of our seminars how to protect themselves.

At Suarez law group we don't sell any products, we give advice. If modification works for you then that is what we attempt to do for you. If we need to sell your home (short sale) we are licensed real estate sales persons who can assist with that option. And if you need to start fresh, then our firm can take you into bankruptcy and give you a fresh start that you have a constitutional right to have.

Come to our seminars at the listed time and learn what is best for you.