

How To Cope With Your Mortgage Arrears

Are you having trouble paying your mortgage? If you are, you should know that you may have options! Mortgage arrears often lead to repossession or foreclosure. If you happen to be one of those people who are falling behind in your mortgage payments, you'd better shape up or lose your house. To help you protect your home from foreclosure due to mortgage arrears, here are some tips for you. You never know, you may be able to avoid repossession or foreclosure!

Getting a mortgage payment protection plan

There are many insurance companies all over the country that are offering mortgage payment protection plans. The good thing about getting a mortgage payment protection plan is that the insurance company will assume the payment of your mortgage in case you are unable to pay for it due to illness, unemployment and other causes stipulated in the insurance policy.

When getting your mortgage payment protection plan, make sure to check all the pertinent provisions in the policy. Read the fine prints in the insurance contract and if you have some questions regarding the provisions of the contract, ask the insurance underwriter to explain the provision to you. Make sure that you get a policy that has a minimum payout period of 30 days from the time of the claim.

Although this type of insurance policy will cost you a bit more than those policies that have a standard minimum payout period of 3 months, with the 30 days minimum payout period, you can be sure that you will still have a roof over your head. Note that there are some banks around the country that institute foreclosure after a client misses out two consecutive payments. If you have to wait for 3 months for your insurance company to start paying your mortgage, you will end up losing your home. Given this scenario, you cannot afford to save a few dollars off your insurance policy if you do not want to risk losing your home in the end.

Ask for Loan Reconstruction

If your mortgage arrears are getting a bit heavy, you may need to request the bank for a debt restructuring. Debt restructuring means that you draw out a new loan to pay the old loan. The bank will close your old loan with them and set up a new one. Don't worry, most banks are open to the possibility of debt restructuring especially if you have been a good client before you lost your job or have fallen ill. Besides, banks are inclined to help you pay your debts because this means that they will also be able to recover their money.

The good thing about restructuring your loan is that you will be able to get better terms and conditions on the new loan. For instance, you can ask the bank to give you a longer payment period for the new loan. Note that a longer payment period will help you spread the amount of the loan over a period of time thus you get to pay lower monthly amortization.

About the Author

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