

# A WORD ABOUT YOUR MORTGAGE IN BANKRUPTCY CASES (Warning about the “Beast”)

If you are planning to keep your home, you **MUST** continue making all of your upcoming regular mortgage payments starting with the month after your case is filed. So, if your case is filed on July 5, your next regular payment will be August 1. If your case was filed on July 28, your next regular payment will also be August 1.

THESE COMPANIES DON'T GIVE A **^&\$0\$#** ABOUT YOU. They don't want to work with you. They don't want you to keep your house. They don't think they should have to. Besides, if they do anything wrong, the government will simply bail them out anyhow! **DON'T TRUST THEM.** If you fall a month behind again, they **WILL** file motions with the Bankruptcy Court asking to immediately recommence foreclosure actions. So keep the following in mind:

a. You need to be aware that after filing your bankruptcy, many mortgage companies (even if you are up-to-date on your payments) will:

- Stop sending monthly statements or invoices to you;
- Stop any automatic payroll deductions that you have authorized;
- Stop any pre-authorized electronic funds transfers;
- Stop notifying or reminding you of overdue payments;
- Refuse you access to your account through their online web site;
- Stop sending you reminder notices or late payment notices; and
- May also stop reporting your payments to the credit reporting agencies (Note: even if they are not reporting to the credit reporting agencies, they must acknowledge that you have made your payments on time if requested by a future potential lender)

b. Keep records of anything you pay them. It is best to pay them from **YOUR** bank's bill pay or by checks so that you can show that they were cashed (Your bank statements will show this). Hold on to your monthly bank statements in case you need them. **DO NOT PAY THROUGH THEIR TELEPHONE OR INTERNET PAYMENT SYSTEM!!!** If you use money orders or cashier's checks, **KEEP ALL RECEIPTS**, and be prepared to have to later contact the place that issued the check to get proof that your mortgage company actually cashed the check.

c. Pay the full amount that is owed. Mortgage Companies hate receiving partial payments. If they receive a partial payment, they will still hit you with every possible late fee that they can and they'll simply put the payment in “Suspense,” meaning that you haven't helped yourself at all by making the partial payment.

d. Obey any Notices that they send you indicating that the payment has changed due to a modification in Escrow requirements or a change in your adjustable interest rate. Again, they don't care a whit about you. If you send them \$1,201 and the actual payment is \$1,201.50, they will put your payment in suspense, treat your account as if you have not made your payment, and add every possible late fee they can find.

e. Don't get behind to them ... EVER! If you really care about your house, make it a priority. If you have to cut out Starbucks, eat cheaper or feed the dog the cheaper food, do so. We hate to see you ever have to pay them late fees. These fees are what they live for and you are simply feeding the Beast! If you get behind and they file a Motion with the Court, they will add between \$800 and \$1000 in attorney (and other) fees immediately (and you'll have to pay them). **DON'T FEED THE BEAST!**

f. If a Motion for Relief from Stay is filed (claiming that you've again fallen behind on your payments) and the Court grants it, you will have to deal directly with the mortgage company on your own. The bankruptcy will no longer help you. Any money going to the mortgage company for back arrears through your Chapter 13 plan will be stopped and any payments they have already received from the Chapter 13 Trustee will have been wasted. You will still owe the remaining unpaid arrears, but you will no longer be paying them through your Chapter 13 Plan ... you'll have to arrange to catch up (if desired) through other means.