

Would you pay \$20,000 for a Ford Nova with 350,000 miles on it at a 21% interest rate? Of course not! Think about this regarding your home: if you are under water many thousands of dollars, why are you paying for something that is not worth what you are paying?! If you wouldn't do it for your car, why pay it for something so much more costly and important to the long term welfare of your family such as your home?

Often it is worth not paying and forcing the hand of your bank in extending a modification based on the devaluation of your property. Recall the five HAMP elements:

The HAMP qualifying elements are:

1. That your property's mortgage is less than \$729,750;
2. That you have suffered economic hardship;
3. That you obtained your mortgage prior to 1/1/2009;
4. That the property is your primary residence;
5. That you are paying more than 31% of your gross income, including taxes, principal, interest, and insurance, toward your home.

Another way to advocate that you qualify for (2) or via a non-HAMP modification, is to argue to the bank that there is no purpose for you in staying in the property when you weigh the risks and benefits of simply riding out the foreclosure. Thus, the bank will itself be forced to weigh whether or not to spend months or years in court only to ultimately sell at judicial auction for half of what your mortgage amount is at, or to negotiate with us to arrive at something in between. The result for you: a reduction in the principal debt and a lower monthly payment.