Unlocking HOMEOWNERSHIP

UNDERSTAND YOUR MONTHLY MORTGAGE STATEMENT

Paying your mortgage loan on time is crucial, and the monthly mortgage statement can help you manage your payments. Review your statement every month so you can spot changes or problems. Contact your mortgage servicer if you have questions.

Your monthly mortgage statement contains important information:

- Contact information for your mortgage servicer. Pay attention to whether your servicer has changed so you can send your payment to the right place.
- The due date.
- The amount due.
- The outstanding principal.
- The interest rate.
- An explanation of the amount due. This shows how your servicer applies your mortgage payment.
    - **Principal** is the amount you originally borrowed. The part of your payment that goes to the principal applies to repaying your loan.
    - **Interest** is the cost of borrowing the money. Part of your payment goes toward this cost.
    - **Escrow** is the amount your servicer uses to pay your property taxes and homeowners insurance. Not all mortgages have an escrow account. If your mortgage loan has no escrow account, you must pay your property taxes and homeowner insurance directly.
- Fees and charges.
- Information about past due payments, late fees and how much you must pay to make the account current if you are delinquent on your loan for more than 45 days.

If you can pay more than the amount due, ask the servicer to apply the additional amount to the principal. This can reduce the interest you pay over the life of your loan.

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Note: If you only made a partial payment toward the amount due on your last statement, you may not see a decrease in principal or interest owed. Unlike a credit card, paying less than the full amount due may not be subtracted from what you owe. Instead, you may see a delinquency notice, with the money held separately until you make the rest of the payment owed.

Pay on Time

Make sure you send your payment with enough time before your due date to ensure it arrives on time. To help you stay on track, consider:

- Setting up automatic bill payments with your mortgage servicer or financial institution.
- Opening a separate checking account with your financial institution to pay your mortgage. Depending on your pay periods, work with your payroll department to deposit a portion of your paycheck into the account.