



News from the

Front Porch

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You've heard it before ... Pay Your Mortgage First Now, Learn Why

New information shows that late mortgage payments can end up costing you more in the long run. For most of us, buying a home is the largest purchase we'll ever make, and as a result, your mortgage is the largest credit line you have outstanding. Big debt has big impact on your credit score, which is the history of how you have paid off debt in the past. Your past influences the costs you will have associated with borrowing in the future. That means your mortgage payment history is a big deal.

Late mortgage payments will have a greater negative impact on your credit score than a late payment on other bills, such as your car payment, credit card, or utilities. Late mortgage payments can also limit your ability to buy another home, to refinance your loan, or to take advantage of today's historically low rates. Additionally, getting behind on your loan payments can lead to short selling your home, going into foreclosure, or entering bankruptcy.

You can see from the examples on the right, that missed payments, bankruptcy, and foreclosure have significant impacts on your credit score. Many companies look at your credit score, so if you're shopping for insurance or even looking for a new job, your financial fitness and credit history is important.

If you are having trouble making your mortgage payments, start by contacting us to learn about your options. Remember, your mortgage payment is due on the 1st of each month. Waiting until the end of the grace period will run you the risk of being late if any kind of emergency comes up.

Commit to making an on-time mortgage payment your priority. It will pay off in lower costs and better credit, keeping you and your family financially fit!

Take a look at Madelyn.

Here is Madelyn, who, like most people, has a credit score of 680. The chart below demonstrates the impact on Madelyn's score when she has trouble making her mortgage payment and how long it would take for her score to come back to 680 afterwards.

Beginning Score: 680	Impact on Credit Score	New Score	Estimated time for recovery back to 680
30 Days late on Mortgage	60-80 point drop	600-620	9 months
90 Days late on Mortgage	60-80 point drop	600-620	9 months
Short Sale	50-70 point drop	610-630	3 years
Foreclosure	85-105 point drop	575-595	3 years
Bankruptcy	130-150 point drop	530-550	5 years

Source: FICO Analytics

Take a look at Joe.

Now, here is Joseph, who has very good credit, with a score of 780. The chart below demonstrates the impact on Joseph's score when he struggles to make his mortgage payments and how long it would take for his score to come back to 780 afterwards.

Beginning Score: 780	Impact on Credit Score	New Score	Estimated time for recovery back to 780
30 Days late on Mortgage	70-90 point drop	690-710	3 years
90 Days late on Mortgage	110-130 point drop	650-670	7 years
Short Sale	105-125 point drop	655-675	7 years
Foreclosure	140-160 point drop	620-640	7 years
Bankruptcy	220-240 point drop	540-560	7-10 years

Source: FICO Analytics