Try not to make a mortgage payment for less than the amount due (a partial payment). The servicer typically does not apply a partial payment to your mortgage. Instead the servicer may return your partial payment check back to you un-cashed. If so, you should set the money aside and not use it to pay other bills, so you can use it later to help with your mortgage payments. In the worst case scenario, if foreclosure becomes inevitable, you will have some money saved for moving expenses.

Other servicers keep your partial payment in a “suspense account” until you pay the remaining amount due for that one monthly payment and instead assess you a late fee. As a result, it is easy to get confused as to how much you owe. To avoid problems, check your most recent mortgage statement for the monthly payment amount, since it can change over time. Also check your statement each month to be sure last month’s payment was applied correctly. If a partial payment is put in a suspense account, the statement must explain what you must do for the payment to be applied.

Source: National Consumer Law Center, Surviving Debt [50th NCLC Anniversary Edition], updated at www.nclc.org/library
Source URL: https://library.nclc.org/sd/1603