Your Mortgage Payment Can Change

— Here's What You Can Do About It

Seven things every homeowner should do to keep the cost of owning their home under control.



One of the things I tell homeowners is that **buying a home is only the beginning of the financial responsibility of homeownership.**

Once you own the home, there are several expenses that can affect what you pay every month. And while you may not be able to control everything, there are some costs you can **monitor, question, challenge and sometimes reduce.**

This is especially important when your property taxes and homeowners insurance are included in your mortgage escrow account.

Your mortgage company may not have changed your interest rate or principal-and-interest payment, but if your property taxes or insurance premiums increase, your total monthly payment can still go up.

> **The good news is that homeowners don't have to simply accept every increase.**
>
> Here are the things I recommend doing every year.

1. Don’t Automatically Accept Your Property Tax Appraisal

This is probably the biggest opportunity for Texas homeowners.

Every year, your local appraisal district determines the taxable value of your property. That value plays an important role in determining your property taxes.

If you believe the value is too high, **you have the right to protest it.**



The number on the notice is an estimate of market value for tax purposes — not a verdict on what your home is worth.

The mistake many homeowners make is looking at the appraisal notice and thinking: “Well, I guess that’s what my house is worth.”

Not necessarily.

The appraisal district’s value is an estimate of market value for property-tax purposes. If you disagree with that value, you can provide evidence supporting your position.

Use the information you already have

If you purchased your home recently, your **home inspection report** can potentially be useful supporting documentation.

Suppose your inspection report identified:

- Foundation concerns
- Roof problems
- Plumbing issues

- Electrical problems
- HVAC problems
- Water damage
- Structural concerns
- Deferred maintenance
- Other significant repairs

Those issues may help demonstrate why the condition of your property isn't consistent with the value assigned by the appraisal district.

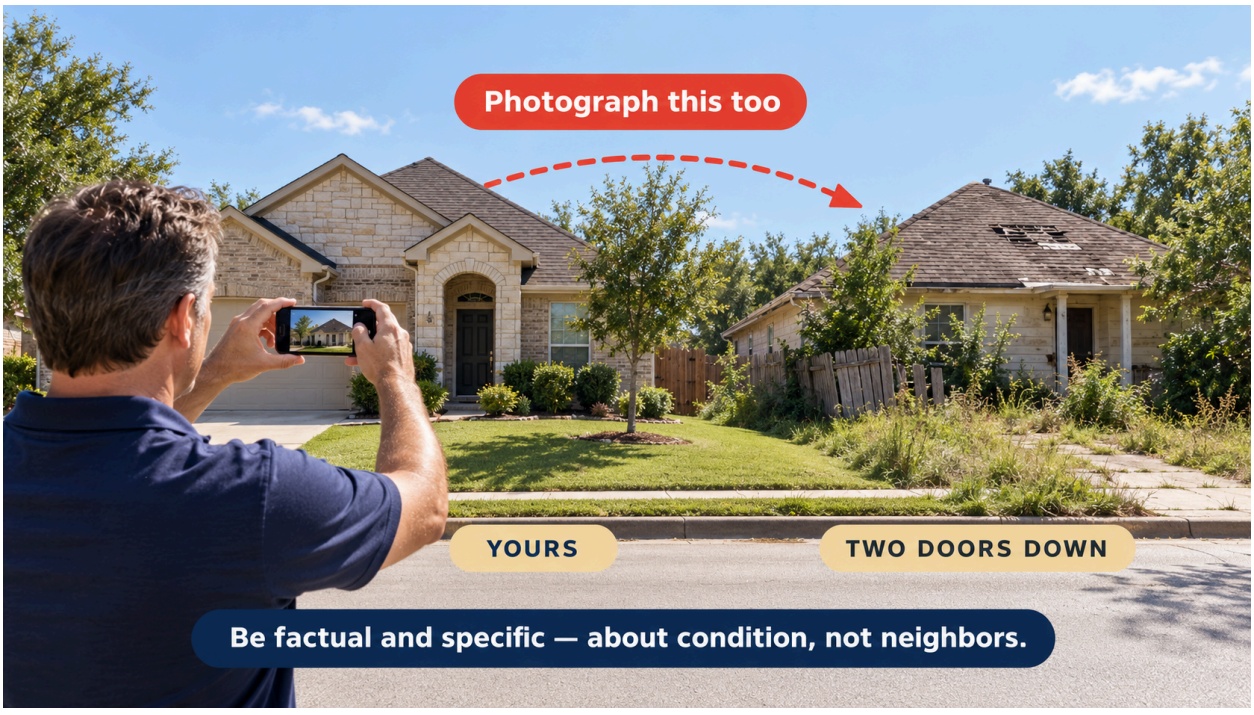
A previous **property appraisal** may also provide useful supporting information, particularly if it documents condition issues or provides comparable sales that help establish a different market value.

That doesn't mean the appraisal district is required to accept your inspection report or an old appraisal. But they can be valuable pieces of evidence when building your case.

2. Look Beyond Your Own Property

Here's something many homeowners don't think about.

When you're preparing to protest your property value, don't just take pictures of your own house. **Look around the neighborhood.**



External conditions can be relevant to what a buyer would pay — document them factually.

For example, are there nearby properties with:

- Significant deferred maintenance

- Cracked or damaged driveways
- Poor fencing
- Overgrown or poorly maintained yards
- Visible structural problems
- Deteriorated roofs
- Other conditions that negatively affect the neighborhood's appearance or marketability

Take photographs and document what you find.

Now, I'm not suggesting that a neighbor's unmaintained yard automatically means your home's taxable value should be reduced.

The point is that **external conditions can sometimes be relevant to the marketability and value of a property.**

If there are significant negative influences surrounding your home, document them and explain how you believe they affect your property's market value. The more specific and factual your evidence is, the better.

3. Don't Just Renew Your Homeowners Insurance

This is another area where homeowners can lose money without realizing it.

Your insurance company sends you a renewal notice. You see that the premium increased. You think: "I guess insurance is just more expensive now." And you pay it.

Don't make that automatic.



Two questions your agent should answer before you renew.

If your homeowners insurance is escrowed, you may not even feel the increase immediately. Your mortgage company pays the insurance bill from your escrow account, and the higher annual premium eventually shows up in your monthly mortgage payment. That makes it particularly easy to overlook.

Instead, call your insurance agent and ask:

> **“Why did my premium increase?”**
>
> “Is there anything you can do to keep my premium from increasing?”

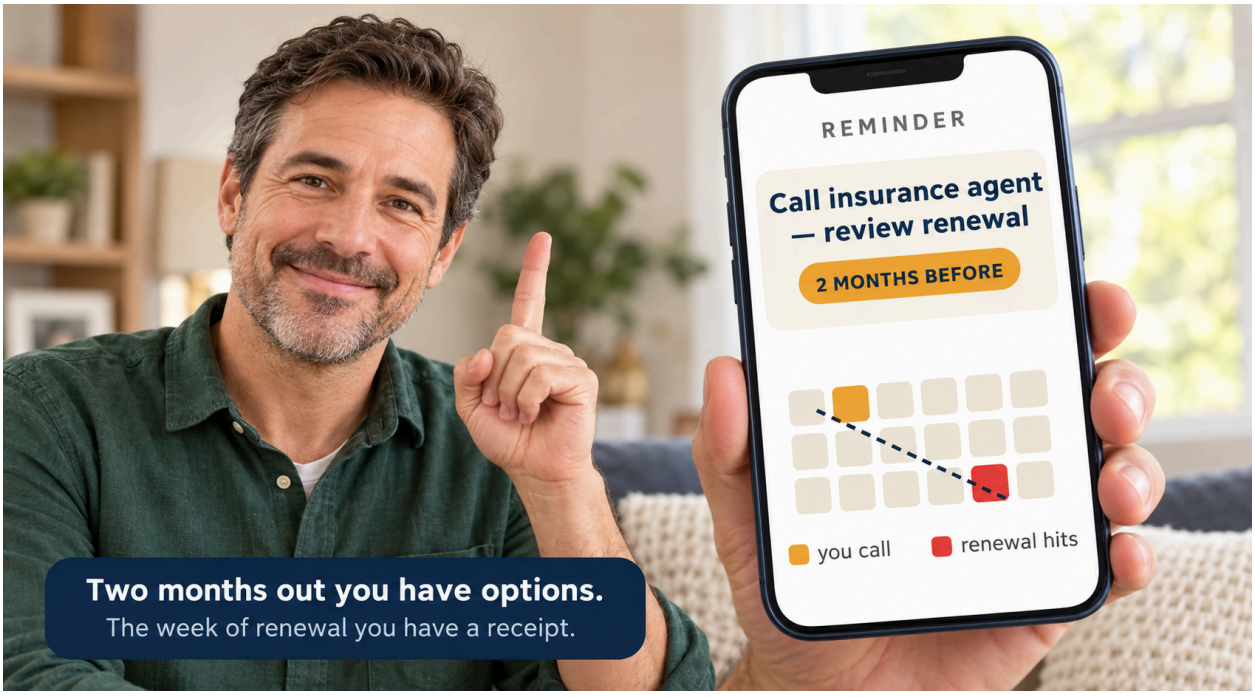
Have the agent review your policy. Make sure the information being used to calculate your premium is accurate. Ask about available discounts, deductibles and coverage changes.

And don’t be afraid to shop around. You don’t necessarily want the cheapest insurance policy. You want the **right coverage at a competitive price.**

4. Put a Reminder on Your Calendar Two Months Before Renewal

This is one of my favorite homeowner tips.

If your homeowners insurance is escrowed, you may not think much about the policy because you’re not writing the insurance company a separate check every month. So I recommend making this a yearly habit.



Set it once and it does its job every year after that.

Put this reminder in your phone: **“Call Insurance Agent — Review Renewal”** and set it for **two months before your policy renewal date.**

When the reminder comes up, call your agent and say something like:

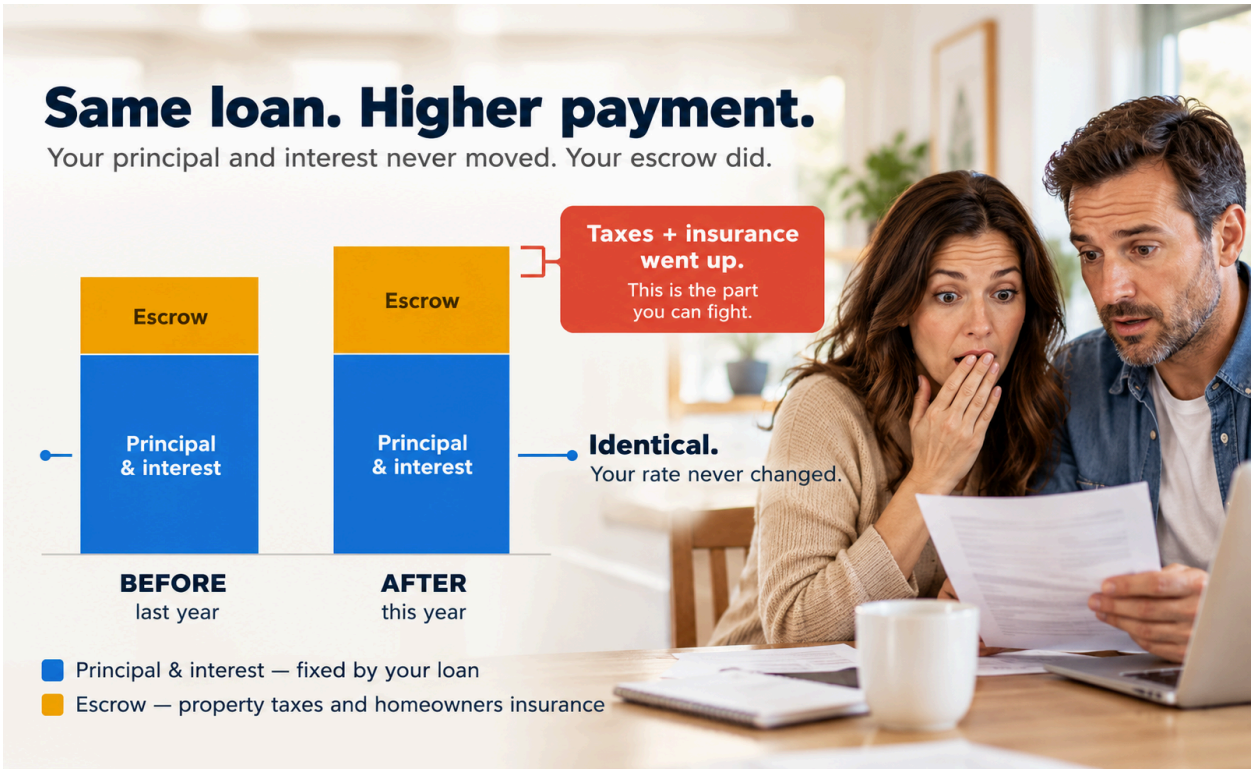
> **“My insurance renewal is coming up. I’d like you to review my policy and let me know what we can do to keep the annual premium from increasing.**
>
> Please also confirm that all of the information on the policy is accurate and that I’m receiving all available discounts.”

Don’t wait until the renewal has already been processed. Get ahead of it.

Your insurance agent may not be able to prevent an increase — insurance costs are affected by many factors outside your control. But asking the question gives you an opportunity to find out what’s happening and determine whether there are alternatives.

5. Understand What Is Actually Increasing Your Payment

This is particularly important for homeowners with escrow accounts.



An illustration of how an escrow increase changes a payment. Your own numbers will differ.

Here is how that works in practice.

An example — not a quote

Principal and interest: $2,400 per month

Property taxes and insurance: $900 per month

Total payment: $3,300 per month

Now your property taxes increase by $1,200 a year and your insurance increases by $600 a year. That is $1,800 more per year — divided by twelve, about $150 more per month.

Your payment becomes roughly $3,450 per month.

You may say: "My mortgage payment went up!"

But your lender didn't necessarily increase your mortgage rate. Your **escrow requirements increased.**

Understanding this distinction is important, because it tells you where you actually have an opportunity to do something about the increase.

You can't negotiate your original interest rate after the fact. But you may be able to challenge a property-tax valuation, or find a more competitive insurance policy.

6. Make Sure You're Receiving Every Exemption

Texas homeowners should also make sure they're receiving any property-tax exemptions for which they qualify. For many homeowners, the **homestead exemption** is particularly important.

Don't assume that everything was automatically handled simply because you closed on your home. Verify it. And if your circumstances change, check whether additional exemptions may apply.

The same concept applies to insurance. Ask your agent: "Am I receiving every discount I qualify for?" You may be surprised by what is available.

7. Review Your Escrow Account Every Year

When your mortgage company performs an escrow analysis, don't simply look at the new payment and accept it. Look at the numbers.



Last year beside this year — that comparison is the whole story of why your payment changed.

Compare last year's property taxes with this year's. Then compare last year's insurance premium with this year's.

If something changed significantly, find out why.

If the insurance premium increased, call your agent. If the property-tax value increased, investigate whether you should protest.

The escrow statement is not just another piece of mail. **It's a report showing you where a significant part of your monthly housing expense is going.**

Your Annual Homeowner Payment Checkup

I recommend that homeowners put one annual “Mortgage Payment Checkup” on their calendar.

Property Taxes

- ☐ Review your appraisal district valuation
- ☐ Verify your homestead exemption
- ☐ Check the property information for errors
- ☐ Review recent comparable sales
- ☐ Look at your home’s condition
- ☐ Review your inspection report for significant defects
- ☐ Consider whether a prior appraisal provides useful supporting evidence
- ☐ Document significant external conditions affecting your property
- ☐ Protest the valuation if you believe it is too high

Homeowners Insurance

- ☐ Check your renewal date
- ☐ Contact your agent approximately two months before renewal
- ☐ Ask why the premium changed
- ☐ Verify the information on the policy
- ☐ Ask about available discounts
- ☐ Review your deductible
- ☐ Review your coverage
- ☐ Compare competing insurance quotes when appropriate

Escrow

- ☐ Review your annual escrow analysis
- ☐ Compare your current taxes with the previous year
- ☐ Compare your current insurance premium with the previous year
- ☐ Understand exactly why your monthly payment changed

The Bottom Line

Owning a home is one of the largest financial commitments most people will ever make.

That doesn’t mean every increase in the cost of homeownership is avoidable. Property taxes can rise. Insurance costs can rise. Maintenance costs can rise.

But **you don’t have to accept every increase without asking questions.**

Review your property-tax appraisal, and challenge it when you have legitimate evidence that the value is too high. Review your homeowners insurance before the renewal arrives, and ask your agent what caused the increase and whether there are ways to reduce the premium. Review your escrow account. And make these things part of your annual homeowner routine.

A few phone calls and a little homework each year could potentially save you hundreds — or even thousands — of dollars over the years. And that's something worth paying attention to.

> **Your home is probably your largest investment.**
>
> You should pay attention to the cost of carrying it.

A Note From the Kingwood Mortgage Guy

One of the things I enjoy most about helping people with mortgages is that my relationship with a homeowner doesn't have to end when the loan closes.

I want my clients to understand not only how to buy a home, but how to become better homeowners once they own it.

If you have questions about your mortgage payment, escrow account, property taxes or the home-buying process, I'm always happy to help you understand what you're looking at and what questions you should be asking.

Kingwood Mortgage Guy

Helping Houston-area homeowners and homebuyers make smarter mortgage decisions.

Michael Durr · (346) 703-8296 · kingwoodmortgageguys.com

NMLS #318989 · Equal Housing Opportunity

Educational information only — not tax, legal or insurance advice. Property tax and exemption rules vary by county and change over time; confirm details with your appraisal district or a qualified tax professional. Insurance questions should be directed to a licensed agent. Figures shown are illustrations, not quotes.