

Consumer and Family Sciences

Department of Consumer Sciences & Retailing



When Your Income Drops: Fact Sheet 7

Keep a Roof Overhead

When you rank your bills in order of priority, chances are shelter and utilities are at the top of the list.

Mortgage payments

House payments can eat up as much as 30 percent to 40 percent of the family budget. What does a family do if a job is lost and income stops? The first step is to contact the creditor. Explain the situation and make an appointment to try to work out an alternative payment schedule. Bring a net worth statement, (see Fact Sheet 3, [Take Stock of Family Resources](#)), a projection of income and expenses, and a plan for continuing to meet at least part of the payments with your family's financial situation in mind.

You may be able to extend the term of the mortgage or make an arrangement of temporary payments of interest only.

It is important to realize that when you're in financial difficulty and you don't relish talking to anyone, you must not ignore financial obligations, particularly mortgage payments. Remember, most creditors want to work with you. Creditors generally prefer to work out a way for you to succeed in keeping that house, particularly in a time of slow housing sales.

Consider alternative ways to cover mortgage payments. Could you rent a spare room or share the house and the mortgage payments with others? Assess your housing options realistically. In some cases, your mortgage payment may be lower than rent.

If you rent your home, or apartment, be familiar with the terms of your lease. Does your lease include a "late clause" that would allow you five to 10 days to pay overdue rent? Check your lease for a statement about "late charges." If you do not have a lease or other advance agreements to add "late charges," none can be billed to you.

If you do not pay your rent, Indiana law allows your landlord to evict you "peacefully" without a court order. If you are threatened or if you resist, the landlord must go to court. If you lose in court, you will receive an eviction notice allowing you 48 hours to move off the premises.

Utilities

Monthly utility bills may include charges for gas, oil, electricity, telephone service, and water. The customer has the full billing period (minus processing time) to pay. Typically, if the bill is not paid by the billing date of the next month, a 3 percent late penalty is assessed on the amount outstanding. For bills 12 days past due, a notice is issued to either remind you that you are late or that utility services will be disconnected immediately if payment is not made, depending on your payment history.

Utility commissioners stress, "If you are having trouble meeting payments, get in touch with your local utility." The utility company will work with you on a payment schedule. You, as a

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customer, will be asked to sign a “pay agreement” laying out the manner in which you will meet your obligations.

If you are having trouble paying your utility bills, contact your township trustee, your county’s office of the Division of Family and Children, or the Area Agency on Aging for assistance with utility bills. In general, utilities are high-priority bills. Before service will be reconnected; however, either the bill must be paid in full or a pay agreement reached. Finally, when service is reconnected, an additional reconnection fee is charged.

Charges for local phone service are billed one month in advance. Long-distance charges are billed from the previous bill date through the day before the current bill date. If you cannot pay by the due date, contact the service representative to work out alternative payment arrangements.

Check your phone service for the amount of late charges applied to bills paid after the due date. The phone company may charge or increase deposits for consumers who often pay late. If payment is not made, phone service is cut off and you will have to pay all delinquent bills as well as a service charge for reconnecting the phone. (An advance payment or deposit may be required.) In addition, you will have to repair a damaged credit rating.

The publications in this series

- 1) Don’t Panic – Take Control (CFS-704-1-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-1-W.pdf
- 2) Control Stress (CFS-704-2-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-2-W.pdf
- 3) Take Stock of Family Resources (CFS-704-3-W) www.ces.purdue.edu/extmedia/CFS/CFS-704-3-W.pdf
- 4) Take Stock of Community Resources (CFS-704-4-W) www.ces.purdue.edu/extmedia/CFS/CFS-704-4-W.pdf
- 5) Set Priorities for Spending (CFS-704-5-W)
www.ces.purdue.edu/extmedia/CFS/CFS-704-5-W.pdf
- 6) Plan to Pay Creditors and Protect Family Welfare (CFS-704-6-W) www.ces.purdue.edu/extmedia/CFS/CFS-704-6-W.pdf
- 7) Keep a Roof Overhead (CFS-704-7-W)
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