

So whats the difference between being underwater on a mortgage and underwater on a stock ? Is it that "experts" will tell you to hold the stock in hopes of it going up in value and then explain that those with homes worth less than their mortgages shouldn't feel bad about breaking their mortgages and defaulting ?

I think "Buy and Hold" for stocks is one of the all time great marketing scams. Ignore it. Always.

"Buy and Hold" for your house is a mantra you should always live by. The difference ?

You can live in your house. You get utility from your house. You may get a deduction for interest paid on your tax bill. You can develop a positive emotional attachment to a house.

A share of stock....well you can...you can look up the price anytime you want if you think thats fun. There is no utility of a share of stock beyond its financial value. The value of a house is that its your home.

The fact that you may be underwater in your mortgage is of no relevance if you can make the payments.

If you can make the payments on your mortgage, it shouldnt matter if your house is worth 10pct of your mortgage. If you can make the payments, make them.

My last house, I remember being freaked out watching as my rate on my Adjustable Rate Mortgage went up and up as I watched the value of my house go down. For 2 years my rate went up, my house value went down. Fortunately, I liked living there. I wasnt building any equity, in fact, I was negative, but I was going to have to pay to live somewhere. On top of everything, my credit was bad enough, I didn't want to make it any worse. In fact, I knew that if I didn't make the payments on my house, my chances of ever owning a house again were none and none. So I kept paying the note every month. In spite of the financial pain.

Then a funny thing happened. Interest rates started to go down. I didnt even know it until I got my annual notice saying that my mortgage payment would go down. The value of my house wasnt going up, but for the next several years, my payments went down. It took years, but I actually built equity in the house.

Which is exactly the point. Buy and hold works when it comes to the HOME you LIVE IN. Turning in the keys because you have negative equity is a fool's game. If you do, YOU WILL NEVER OWN A HOUSE.You will be a renter FOREVER.

Your home has far more value than its mark to market price because you can live in it . Do whatever you can to stick it out. It will pay off for you in the long run