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## COVID-19: FORECLOSURE INFORMATION AND FAQ'S

### “I Have Just Lost My Job and Fear I Cannot Make My Mortgage Payments”

Many Kentuckians are facing very difficult financial circumstances and choices due to loss of income to their households. The list below may answer some common questions that families have when faced with the loss of income and financial stress related to being able to pay their mortgage payments when they own a home.

#### What Can I Do When My Household Has Had A Loss Of Income?

In order to cope with the loss of income, families may need to prioritize their spending habits. To assist with these goals you can:

- Seek temporary employment (<https://kcc.ky.gov/Pages/default.aspx>)
- Seek assistance through government programs such as:
  - SNAP benefits (<https://chfs.ky.gov/agencies/dcbs/dfs/nab/Pages/snap.aspx>)
  - Medicaid benefits (<https://benefind.ky.gov/>)
- Call those companies that provide you regular monthly bills (landlords, mortgage companies, utility companies, credit card companies, medical treatment providers, etc.) and ask that your payments be suspended for up to two months.
- CREATE AN EMERGENCY BUDGET that:
  - Eliminates unnecessary expenses (cancelling any monthly subscriptions you can live without, prepare meals in home, etc.),
  - Convert any savings for long term goals (vacations, large purchases) into emergency funds; and
  - Prioritize payments for necessary expenses (housing, transportation, food and health care).

## What Options May Be Available To Me If I Have A Hard Time Making My House Payment?

Here are a few tips that can help you get back on track with your payments:

- **Verify Your Mortgage Type:** the kind of mortgage you have may determine what types of assistance are available to you.
  - **Look Up Your Loan:** To verify whether you have an FHA, VA or USDA loan, find your closing documents (either hard copies or electronic versions) and look for the closing disclosure. In the upper right of the first page of this document, under “loan information,” you’ll see check boxes indicating your loan type: conventional, FHA, VA, or other. If you can’t locate this document, try looking at your monthly mortgage statement or contacting your lender at the phone number listed on the statement. Regardless of mortgage type, contact your lender to discuss relief options.
  - **GSEs, Fannie Mae and Freddie Mac, deal with conventional loans:** You can find out if your conventional mortgage is owned by Freddie Mac or Fannie Mae using the loan look-up tools on their websites.
- **Seek the Assistance of a HUD Certified Housing Counselor:** HUD certified Housing Counselors are trained professionals who can help you work through your options with you. You can find HUD Certified Housing Counselors in your area here: <https://apps.hud.gov/offices/hsg/sfh/hcc/hcs.cfm?webListAction=search&searchstate=KY>.

## I Am Concerned I Will Not Be Able To Make My Next Monthly Mortgage Payment. Should I Contact My Mortgage Lender Or Loan Servicer? If So, When?

YES!! You should contact your lender/servicer as soon as you are aware you are not going to be able to make a payment. It is best to contact a HUD Certified Housing Counselor before you contact your servicer if you can. Lenders/servicers may not provide you with appropriate or updated advice that is in your best interests.

**What Relief May I Be Eligible For?** It depends on the kind of loan you have:

- **FANNIE MAE and FREDDIE MAC MORTGAGE ASSISTANCE:** Conventional loan borrowers are eligible for up to 12 months of forbearance, which won’t be reported to the credit bureaus. If you were already in an active forbearance as of Feb. 28, 2021 you may request an additional 3 months of forbearance (up to 15 months total). If, at the end of the forbearance term, you’re able to go back to your regular mortgage payments but are unable to pay anything additional, you may be eligible for COVID-19 payment deferral. With that deferral, the amount of the forbearance won’t accrue interest and would not be due until the end of the mortgage – whether that’s when you sell, refinance, or pay off the loan. Even if you are ineligible for deferral, your lender cannot demand a lump-sum repayment and is required to work with you to find a different solution. If you are unable to resume your regular mortgage payments at the end of your forbearance, you may be evaluated for a loan modification, which changes the terms of your existing mortgage.

- **FHA LOAN ASSISTANCE:** The FHA has set a deadline of September 30, 2021 to apply for initial COVID-19 forbearance. You can request an initial 6 months of forbearance and may have the possibility of extending the term depending on when you entered the forbearance.
  - IF YOU are already in an active forbearance that began on or before June 30, 2020, after 12 months you can request up to two additional three-month extensions for a total of 18 months of forbearance.
  - IF YOU were in an active FHA forbearance that began between July 1, 2020, and Sept. 30, 2020, after 12 months, you can request one 3-month extension, for a maximum of 15 months forbearance.
  - IF YOU began a FHA forbearance between Oct. 1, 2020 and June 30, 2021, you are eligible for two 6 month periods of forbearance, for a total of 12 months.
  - Borrowers who request an initial COVID-19 Forbearance between July 1, 2021 and Sept. 30, 2021, can receive up to 6 months forbearance.
  - In addition to COVID-19 forbearance, the FHA always has several mortgage relief programs in place. These include standard mortgage forbearance lasting up to 6 months and special forbearance for unemployment which can last a year or more.
  - The FHA foreclosure moratorium ended July 31, so if you have missed mortgage payments and don't seek a modification you could face foreclosure.
- **VA LOAN ASSISTANCE**
  - VA borrowers are eligible for a six-month forbearance, which can be extended another six months, if they initially applied before September 30, 2021.
  - If you are behind on your mortgage and have not sought a loan modification, you could still face foreclosure.
- **USDA LOAN ASSISTANCE**
  - If you applied prior to September 30, 2021 you may qualify for assistance. If your ability to pay your loan has been affected by the pandemic, you can receive 180 days forbearance as long as your lender approves your request by September 30th. Assistance can be extended another 180 days if needed.
  - As with FHA and VA loans, if you were in active forbearance on or before June 30, 2020, and need an additional deferral, you can apply for two additional 3 month forbearance periods.
  - At the end of the forbearance, if you are unable to resume monthly USDA loan payments, you may be eligible for the USDA COVID 19 SPECIAL RELIEF MEASURE. This loan modification aims to reduce your monthly mortgage payment by up to 20%, and it may reduce your interest rate or lengthen the term of your loan.
- **ASSISTANCE FOR OTHER TYPES OF MORTGAGES:** your lender may have its own assistance programs. Follow the steps listed below.
  - Contact a HUD Housing Counselor
  - Get an estimate of your current income
  - Estimate your monthly expenses
  - Get a copy of your most recent mortgage statement
  - Documentation of what caused your financial situation to change.

***IF THIS DID NOT FULLY ANSWER YOUR QUESTIONS. PLEASE CONTACT US BY CALLING 859-431-8200 DURING OUR LIVE HOURS MONDAY-FRIDAY 10AM-6PM OR VISIT [www.lablaw.org/apply-here](http://www.lablaw.org/apply-here) ANYTIME.***