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

### **I Have Just Lost my Job and Fear I Cannot Make my Mortgage Payment.**

- Many Kentuckians are facing very difficult financial circumstances and choices due to a 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.

### **How Can I Cope With the Loss of Income to my Household?**

- In order to cope with the loss of income, families may seek to increase income, obtain assistance that frees up the income coming into the household for necessary expenses, and manage and prioritize spending. To assist with these goals you can:
  - Seek Temporary Employment in currently busy sectors of the economy (truck driving and delivery, grocery stores, online retailers)
  - Seek assistance through government programs such as:
    - Unemployment Insurance (<https://kcc.ky.gov/Pages/default.aspx>)
    - 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 or mortgage companies, utility companies, credit card companies, medical treatment providers, etc.) and ask that your payments be deferred for one to three months, if necessary.
  - Call your student loan company to request that your payment 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.),
    - Converts any savings for long term goals (vacation, large purchases) into emergency funds; and
    - Prioritizes payments for necessary expenses (shelter, transportation (if required to work), food, health care).

## **I Heard That There's No Foreclosures for 60 Days From March 18, 2019. So I'm in the Clear, Right?**

- Wrong. The 60 day suspension on foreclosures only applies to some, but not all mortgage loans. If your loan is not covered by the terms of the suspension, you may still be foreclosed upon for not making payments. Further, even if your mortgage loan is covered by the suspension, if you don't continue to make full and regular payments you can face foreclosure as soon as the suspension is lifted. Further, not making full and regular payments will impact your credit score.

## **So With the Suspension of Foreclosures for 60 Days From March 18, 2019, Do I Still Need to Make Payments?**

- *Absolutely, yes.* You need to continue to make full and regular mortgage payments regardless of whether your mortgage loan is covered by the suspension or not. You should only not make a payment, or make a lower payment than your regular monthly payment, if you receive from your lender, in writing, that you have qualified for a forbearance, deferral, or a reduced payment plan.

## **I Lost my Job and Qualify for Unemployment. I Can Qualify for Relief Under Unemployment Bridge Loan Program, Right?**

- Maybe. There are limited funds available to individuals who qualify for unemployment and are having difficulty paying their mortgage payments. For more information, you can go here: <http://protectmyhome.org/Pages/default.aspx>.

## **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 Mortgage Lender or Loan Servicer as soon as your household experiences a loss of income that will make it difficult or impossible for you to pay your monthly mortgage payment. Maintaining early and regular contact with your lender or servicer is often the difference between keeping your home and losing your home in foreclosure. Be persistent.

## **Where Can I Locate the Contact Information for my Mortgage Lender or Loan Servicer? Is There Anyone Specifically I Should Ask For?**

- You can find the contact information, including name, address, and fax number for your lender on your monthly statement. If you are assigned a single point of contact with your lender, you should contact that individual directly.

## **When I Called my Mortgage Company, They Said That They Couldn't Do Anything to Help Me Until I Missed a Payment. Is This Correct?**

- *No.* Your lender may be able to provide you assistance prior to the time that you miss a payment. In your contact with your lender it is necessary that you are persistent and consistent in your contact, and if the initial contact you have with your lender or servicer does not answer your question, you can always request that your call be elevated.

## **Should I Intentionally Not Make a Mortgage Payment So That My lender or Servicer Can Help Me?**

- Never. Under no circumstances should you ever voluntarily fail to pay your mortgage payment. Failing to make a payment will only bring you closer to losing your family's home.

## **Is There Any Information I Should Have on Hand or Questions I Should Be Prepared to Answer When I Contact My Servicer or Lender?**

- Yes. When you call your lender, you should be prepared to discuss:
  - What kind of economic hardship or challenge you've faced and why you've faced it;
  - Whether the problem is temporary or permanent;
  - How much you can afford to pay (if anything);
  - When you're likely to be able to restart regular payments; and
  - Your income, expenses and assets (have proof of this on hand)
  - Also, knowing what portion of each of your payments is dedicated to principal, interests, taxes, and insurance can help you negotiate a better resolution to your issue.

## **Is There a Letter I Can Use to Contact My Lender to Have Them Consider Me for Any Relief Programs They May Offer?**

- Yes. You can use this letter example.  
<https://lablaw.org/sites/default/files/COVID%20Servicer%20Letter%20%20and%20Supplement.pdf>

## **Is it Better For Me to Have Contact With My Lender in Writing or Over the Phone?**

- In writing. When you make a specific request of your lender or want to provide information to them, it is always better that you do so in writing. Send the lender a letter or the information they request by mail or fax. Always keep a copy of anything you send to them for your records.

## **If I Call or Write My Lender or Servicer to Notify Them That I Will Not Be Able to Make My Mortgage Payment, Could My Lender Provide Any Options That May Be Able to Help?**

- Yes. Many lenders and servicers are offering specific relief plans to homeowners experiencing financial hardship related to the COVID-19 Pandemic. Check with your lender.

## **My Lender Does Not Offer Any Formal Relief Plans For Homeowners. I Am Out of Luck, Right?**

- No. Even if your lender does not offer a lender specific relief plan, you can still specifically request relief from your lender based on your circumstances. The options that you can request from your lender when you experience a financial hardship are listed and described below. You can request:
  - An Interest Only Payment Plan: An Interest Only Payment Plan is a plan, set for a term of months, under which a homeowner will pay, and a lender will accept, a payment of the interest portion in lieu of a full payment.
  - A Partial Payment Plan: A Partial Payment Plan is a plan, set for a term of months, under which a homeowner pays, and a lender will agree to accept, a lower monthly payment in lieu of a full payment.
  - Forbearance or Deferral Plan: Forbearance or Deferral is an option, set for a term of months, under which a homeowner and lender agree that the homeowner will not be required to make a payment to keep a home.

## **So if I Need to Use One of These Plans, Will it Affect My Credit Score?**

- Maybe. Many of the relief programs offered by specific lenders contain terms that prevent program participant's credit scores from being affected by the homeowner's participation in the program. You will need to check with your lender to know for sure.

## **So My Lender Told Me Over the Phone That I Qualify For a Relief Plan and I Can Now Make a Lower Payment Than I Usually Do. I Can Go Ahead and Stop Making Payments, Right?**

- Wrong. You should continue to make full and regular monthly mortgage payments until you receive and review a statement from your lender *in writing* that you can suspend or lower your monthly payment. You should continue to make your regular monthly payment unless you receive that statement *in writing*.

**So I Have Qualified For a Forbearance, Deferral, or Partial Payment Plan.  
What's Going to Happen When That Plan Ends and I Need to Start Making my  
Regular Payment Again?**

- The amount that you didn't pay over the course of your hardship may be added as additional final payments at the end of your loan term or may be repaid over a term of months. Make sure you understand the repayment terms before you sign any proposal from your lender.

***IF THIS DID NOT FULLY ANSWER YOUR QUESTIONS. PLEASE CONTACT US BY  
CALLING 859-431-8200 DURING OUR LIVE HOURS MONDAY-FRIDAY 10AM-3:30PM  
OR VISIT [www.lablaw.org/apply-here](http://www.lablaw.org/apply-here) ANYTIME.***