

# KEEP *your* HOME

When you start having financial trouble, remember to **KEEP THE LINES OF COMMUNICATION OPEN!**

- Open all notices from your mortgage loan servicer and respond to them promptly.
- Contact your servicer immediately and ask for help.
- Contact the Kentucky Homeownership Protection Center to schedule a **free** session with an approved counselor.
- Make a list of monthly expenses and compare it to your income.
- Eliminate a monthly bill like your cell phone or cable television.
- Avoid scams. Do not sign anything unless you have a reputable attorney or counselor review the documents.
- Stop buying unnecessary items.
- Even if keeping your home is not an option, contact your mortgage servicer to explore your options and avoid foreclosure.

## Frequently Asked Questions

**Do I have to be in the foreclosure process to speak to a Kentucky Homeownership Protection Center counselor?**

No. The Kentucky Homeownership Protection Center is a resource for all Kentuckians. If you have questions about budgeting, credit, utility assistance, home repairs or foreclosure, our staff is here to help you.

**Will it cost me anything?**

No. All counseling services are free to callers through the Protection Center. Some callers may qualify for free legal advice. Contact the Protection Center to find out what help is available for your situation.

**What is the difference between a lender and a servicer?**

A lender originally provided the funds for your loan when you first bought your house. A servicer collects your monthly mortgage payments and, if you have an escrow account, pays the taxes and homeowner's insurance on your behalf. Often the servicer is a different company than your original lender.

**How can I find out who my servicer is and how to contact them?**

The name of your servicer, their address and phone number should be listed on your monthly mortgage statement or mortgage coupons.



PROTECT  
*My Kentucky*  
HOME

For more information, visit  
[www.ProtectMyKYHome.org](http://www.ProtectMyKYHome.org)

[www.ProtectMyKYHome.org](http://www.ProtectMyKYHome.org)  
(866) 830-7868

The Kentucky Homeownership Protection Center was established by the 2008 Kentucky General Assembly to address the foreclosure crisis here in Kentucky. The Kentucky Homeownership Protection Center is a joint effort of the Department of Financial Institutions, Kentucky Housing Corporation and many other agencies and groups across the state. The Kentucky Homeownership Protection Center is administered by Kentucky Housing Corporation.



Contact us for  
**FREE help!**

# There is help...don't give up!

## What is Foreclosure?

Foreclosure is the legal means to repossess or take a home. In Kentucky, foreclosures are processed through the courts. The time for a foreclosure varies from county to county.

Foreclosure can occur when homeowners do not make their monthly mortgage, home equity loan or property tax payments. Missing a payment is called default. Servicers could start sending notices of foreclosure as early as 60-90 days after default.

If the homeowner does not pay the amount due, the servicer files a complaint in circuit court. If the homeowner does not respond to the summons from the court, a judge will make the final ruling on whether or not to order the judgment and issue an order of sale.

Until the property is actually sold to a new owner, the homeowner could still find a work out solution with the servicer. A work out might include reducing the monthly payment amount, reducing the interest rate or extending the term (number of years) of the mortgage.

## Call Your Servicer!

By calling your mortgage loan servicer as soon as you know you cannot make your monthly mortgage payments, you give them and yourself more time to find a solution. As long as a sale on your home is not final, a work out process can still take place. The earlier in the process you begin discussions, the more likely you are to find a solution.

## Work Out Plan

The servicer will require certain documents to complete a work out package for you:

- Completed application form
- Pay check stubs for income verification
- Previous year's W-2 forms
- Completed budget
- Hardship letter explaining your situation

It may take a loss mitigation specialist (your servicer's staff who will help you plan how to keep your home) up to a few months to report back to you with the decision about the work out plan. There are many alternatives to foreclosure that you may qualify for:

- Special Forbearance—*suspend/reduce payments*
- Loan Modification—*change the loan terms*
- Partial Claim—*interest-free loan*
- Pre-Foreclosure Sale—*sell the property before foreclosure*
- Deed-In-Lieu of Foreclosure—*give the property back to the servicer*

Each situation is different, and the loss mitigation specialists are trained to help find the best alternative for you. Regularly check with the specialist about the status of the work out process. The collection department may keep contacting you trying to collect on the debt. This may continue until the work out process is final.

## Prioritize Your Debt

When facing an uncertain financial situation, list all your income and expenses. As the expenses are listed, prioritize by need. Shelter is everyone's first priority followed by food and utilities. A car may be a necessity in many cases, but a second car or boat is not. If you are 30 days past due on your mortgage, you will need money for the past due payment, as well as the current payment, late fees and interest. Loan servicers are not likely to work with homeowners who continue to purchase luxury items.

## Contact Us

If you feel you need more help during the work out process, you can always contact the Kentucky Homeownership Protection Center toll-free in Kentucky at (866) 830-7868. A counselor can help you gather the information you need, work with your servicer and help you better understand the process.

Visit the Protection Center Web site at [www.ProtectMyKYHome.org](http://www.ProtectMyKYHome.org) to find more information on the foreclosure process, explanations of the different alternatives, frequently asked questions, as well as other resources. You can also register to have a counselor contact you at no cost.