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**Kansas Homebuyers / Mortgage Borrowers
Are you impacted by Coronavirus?
Understand Your Rights and Responsibilities**

Due to the impact of COVID-19, many people will be or have been impacted by reduced work hours or job loss. Homebuyers should begin planning a course of action to remain current with their mortgage payment.

Options are available for clients that are behind or expecting to become behind on mortgage payments. A [Kansas Foreclosure Timeline](#) and a list of [Foreclosure Prevention Options](#) are available. Options vary based on the reason for delinquency, type of mortgage, lender, servicing center, investor, and the homeowner's entire financial situation. HCCI counselors are trained and HUD certified to help you review and self-advocate for your options.

Governor Kelly signed [Executive Order 20-10](#) effective March 23, 2020. This order will remain in force until rescinded, until May 1, 2020, or until the Kansas -State of Disaster Emergency proclaimed on March 12, 2020, related to COVID-19 expires, whichever is earlier.

While not summarized in this document, the Governor's order also applies to late rent and evictions. See www.hcci-ks.org for info and tips for renters about paying rent.

The order outlines the following:

- ★ No bank or financial lending entity operating in Kansas shall foreclose on a residential property in Kansas when all defaults or violations of the mortgage are substantially caused by "financial hardship resulting from the COVID-19 pandemic".
 - Specifically, a financial hardship includes:
 - 1) An individual or family suffers a significant loss of income, significant increase in necessary expenses or inability to work as a direct or indirect result of the COVID-19 pandemic and
 - 2) The individual's or family's financial resources are depleted to the extent that making mortgage payments would leave them unable to purchase food, medicine or other supplies, or services necessary to their health and safety.
 - Both 1 and 2 must apply.

On March 18, the Trump Administration/HUD paused all foreclosures until April 30, but only for FHA insured single family properties. Many loans are conventional. Thus, the federal government's pause on foreclosure does not apply to all mortgages. A **conventional loan** is a mortgage that is not backed or insured by the government, including all Federal Housing Administration, Department of Veterans Affairs, or Department of Agriculture loan programs.

- ★ With the above being stated, homebuyers affected by the financial repercussions of COVID-19 will still owe past due and current mortgage payments. Mortgage default or foreclosure proceedings can go forth after the order has expired.
- ★ The order does NOT prohibit the continuation of any judicial foreclosure proceedings filed before the effective date of this order. Though it should be noted - the Kansas Supreme Court released Administrative Order 2020-PR-016, link, [Administrative Order 2020-PR-016](#) on March 18, 2020 directing all district and appellate courts to cease all but emergency operations until

further order. Even though foreclosures are on hold, such foreclosures have been or will be rescheduled and go forth once courts reopen.

- ★ The order does NOT relieve mortgage borrowers who have NOT suffered a financial hardship resulting from the COVID-19 pandemic from their obligation to comply with the mortgage agreement or to continue making mortgage payments.
- ★ The order does NOT prevent foreclosure for homebuyers not due to a financial hardship resulting from the COVID-19 pandemic.

Know what kind of mortgage loan you have (FHA, VA, USDA, Conventional, other). Each mortgage type might have different options as outlined in the links below.

- [FHA \(Federal Housing Administration\) - foreclosure moratorium](#) 60-days from 3/18/20
- [USDA Rural Development \(U.S. Department of Agriculture\)](#) – moratorium 60-days from 3/18/20
- [VA \(U.S. Department of Veteran Affairs\)](#) – request a Forbearance Agreement
- Conventional – provided by a variety of lenders or servicers – request a Forbearance Agreement

In order to assist Kansas Homeowners, HCCI offers the following info and tips:

- Understand, though the Kansas Supreme Court has paused court proceedings (except for emergencies) until further notice, it does not mean you don't owe mortgage payments. You can still be foreclosed upon later for not paying money due or making alternative agreed upon payment arrangements.
- Contact your mortgage servicer immediately to explain your unique situation and that due to a sudden and unexpected loss of income, you will not be able to make the mortgage payment.
- Gather documentation of your hardship now such as a personal financial budget, paystubs, bank statements, and a letter from your employer. Your mortgage servicer will require it.
- **Request a Forbearance or Deferment Agreement** - A repayment plan based on the borrower's financial situation that may include a temporary reduction or suspension of payments for a specific length of time. Often used when the borrower has a reduction in income or increase in expenses that is not expected to be permanent.
- Remember, this national emergency is not only happening to you, but to the lender as well. Both parties should try to work together. The lender does not want your home. It is the lender's job and how they derive income and/or handle their own financial responsibilities.
- Ask for a payment plan which would outline a weekly, bi-monthly or monthly payment in order to get caught up. The mortgage servicer does not have to accept a payment plan, but if accepted, get it in writing. A homeowner should only offer to pay what they can actually afford. Both parties must agree on the amount paid, and should sign the agreement, each receiving a copy.
- Always keep documentation of mortgage payments paid.
- Late fees can be enforced if outlined in a mortgage agreement. Ask your servicer if they can set aside any late fees because of this unusual pandemic. If the servicer agrees, get the agreement in writing. A servicer does not have to comply, but many, if they can, want to help.
- Homeowners behind on their mortgage have the following options to seek assistance –
 - contact social service agencies or churches in your area;
 - borrow money from family or friends;
 - sell personal items using social media marketing (but be safe);
 - donate plasma for cash;
 - any additional income, for example, a government stimulus check or IRS tax refund, could be set aside in a savings account for mortgage payments or should be sent directly to the servicer once received to cover mortgage payments (point out that the money is for regular mortgage payments, not just towards the principal balance). In other words, don't make a big purchase with that money. Use it for necessities such as shelter, utilities, food or prescription medication.

- Your city/county may have a list of resources for delinquent mortgage payments and other aid. HCCI has resource lists for the cities of Topeka, Lawrence, Manhattan and Emporia, if needed.

Contact HCCI's HUD Certified Housing and Financial Counselors @ 800-383-0217 for individual assistance based on your unique mortgage situation.

Sources:

Kansas Governor's Executive Order 20-10 from March 23rd, 2020

<https://governor.kansas.gov/wp-content/uploads/2020/03/EO-20-10-Executed.pdf>.

HUD

<https://www.hud.gov/coronavirus>

FHA (Federal Housing Administration) – Includes Reverse Mortgage

https://www.hud.gov/press/press_releases_media_advisories/HUD_No_20_042

USDA (U.S. Department of Agriculture - Rural Development)

https://www.rd.usda.gov/sites/default/files/USDA_RD_SA_COVID19_ProgramImmediateActions.pdf

VA (U.S. Department of Veteran Affairs)

https://www.benefits.va.gov/HOMELOANS/documents/circulars/26_20_7.pdf

Freddie Mac

<http://www.freddiemac.com/about/covid-19.html>

<https://freddiemac.gcs-web.com/news-releases/news-release-details/freddie-mac-announces-enhanced-relief-borrowers-impacted-covid?>

HCCI's Foreclosure Prevention Webpage

<https://hcci-ks.org/foreclosure-prevention>

Thank you

Housing and Credit Counseling, Inc.

800-383-0217

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