



CAYMAN ISLANDS MONETARY AUTHORITY

24 July 2018

PUBLIC ADVISORY – Understanding Foreclosures

Losing your home is the last thing any homeowner wants to think about. However, by understanding the foreclosure process and what often leads to it, you can better position yourself to deal with potential problems that could impact your ability to service your mortgage and place your most valued asset at risk.

Foreclosure is a legal process that creditors use to satisfy your financial obligations to them. Not paying a debt, like a mortgage or second mortgage, can trigger a foreclosure. The Cayman Islands Monetary Authority (“CIMA”) advises all individuals with a residential mortgage to take heed of the following:

1. **Recognise early signs of financial trouble** – Serious illness, losing your job, going through a divorce are all unexpected traumatic events that could impact your ability to make your mortgage payment. It is important to act immediately and proactively seek a solution.
2. **Get in touch with your bank without delay** – Banks don’t want your house, they want to help you keep it. Contact your bank at the first sign of financial difficulty to explore the options available to you. Even if you have not missed a payment, but are worried, now is the time to act.
3. **Prioritise your spending** – Cut or reduce nonessential expenses such as vacations, cable TV, entertainment, spa and salon visits. Once you are back on your feet you can add some of these expenses back into your budget.
4. **Be organised** – Open and respond to all notices; keep copies of everything; keep records of your last twelve payments on your mortgage; update your budget; keep your pay stubs.
5. **Understand your options** – If you find yourself experiencing financial hardship during mortgage payments, be sure to discuss all available options with your bank such as: Can I restructure my mortgage to add missed payments? Do I have enough equity in my



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home to refinance my existing mortgage? Will the bank agree for me to pay a lower sum for a short period while I seek other options to bring my loan current? Should I sell my home? Can I rent my home and stay with a family member?

6. **Open and respond to all mail and communication from your bank** – Your bank will help you keep your house if possible. Pay very close attention to all correspondence and communication from your bank and respond as soon as you can.
7. **Know your mortgage rights** – Carefully review your loan agreement, research foreclosure laws and timelines and seek information on your bank’s policy on foreclosure.
8. **Commit yourself to the agreed plan with your lender** – Work closely with your bank’s representative to ensure that you stay on course with your plan.
9. **Be proactive and get results** – Everyone experiences difficulties at some point. Don’t let pride or fear stop you from seeking help and finding a solution that works for you.

For a list of frequently asked questions regarding home foreclosures, please refer to the General FAQs section of our website at www.cima.ky