GENERAL ASSEMBLY
COMMONWEALTH OF KENTUCKY

2014 REGULAR SESSION

HOUSE BILL NO. 206

TUESDAY, JANUARY 28, 2014

The following bill was reported to the Senate from the House and ordered to be printed.

RECEIVED AND FILED
DATE April 7, 2014
4:01 pm

ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Adler

1 AN ACT providing that a loan modification resulting in a lower interest rate is
2 secured by the original mortgage.
3 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***
4 ➔Section 1. KRS 382.520 is amended to read as follows:
5 (1) In all cases where a loan is secured by a real estate mortgage, the mortgage
6 originally executed and delivered by the borrower to the lender shall secure payment
7 of all renewals,~~[and]~~ extensions, ***or interest rate reductions*** of the loan and the
8 note evidencing it, whether so provided in the mortgage or not.
9 (2) The mortgage referred to in subsection (1) of this section may secure any additional
10 indebtedness, whether direct, indirect, existing, future, contingent, or otherwise, to
11 the extent expressly authorized by the mortgage, if the mortgage by its terms
12 stipulates the maximum additional indebtedness which may be secured thereby.
13 Except as provided in subsection (3) of this section, the mortgage lien authorized by
14 this subsection shall be superior to any liens or encumbrances of any kind created
15 after recordation of such mortgage, even to the extent of sums advanced by a lender
16 with actual or constructive notice of a subsequently created lien, provided, however,
17 any mortgagee upon receipt of a written request of a mortgagor must release of
18 record the lien to secure additional indebtedness as exceeds the balance of such
19 additional indebtedness at the time of the request.
20 (3) (a) The written request referred to in subsection (2) of this section shall be signed
21 by the mortgagor or his agent or attorney, and shall set forth a description of
22 the real property to which the request relates, the date, parties to, the volume
23 and initial page of the record of the mortgage referred to in subsection (1) of
24 this section, and a description of the nature, amount, and holder of the lien or
25 encumbrance which the mortgagor intends to place upon such real property.
26 The request shall be deemed to have been received by the holder of the
27 mortgage referred to in subsection (1) of this section only when delivered to

1 the holder by certified mail, return receipt requested, at the address of the
2 holder appearing of record on the mortgage or an assignment thereof;
3 (b) If within ten (10) business days after receipt of the written request referred to
4 in this subsection, the holder of the mortgage referred to in subsection (1) of
5 this section fails to release that amount of the lien to secure additional
6 indebtedness to the extent described in the request, the mortgagor may record
7 in the office of the county clerk in which the mortgage referred to in
8 subsection (1) of this section is recorded a copy of the written request upon
9 payment of the same filing fee as provided for a release of a mortgage;
10 (c) If, after a copy of the written request is recorded, an advance is made by the
11 holder of the mortgage referred to in subsection (1) of this section, then the
12 lien of the mortgage for the unpaid balance of the advance so made shall be
13 subordinate to the lien or encumbrance described in the request.

Speaker-House of Representatives

President of Senate

Attest: Chief Clerk of House of Representatives

Approved Governor

Date 4-7-14