

Rights After Sheriff Sale

What is a Sheriff Sale?

The Sheriff Sale is the actual date of foreclosure. You received notice of this by letter from the attorneys for your mortgage company and by a notice taped to the front door of your home. **This is not a move out date!**

After the Sheriff Sale:

After the Sheriff Sale the home has officially been foreclosed on, and will now appear on your credit report as a foreclosure. The home has either been sold or retained by your current mortgage company. The information regarding who bought your home and the amount it sold for can all be obtained by the same attorneys that have been corresponding with you during this period.

You now officially enter what is considered your **Redemption Period**.

Redemption Period:

By law in the State of Michigan you are guaranteed that your Redemption Period will be **no less than 30 days** and **no more than 1 year** beginning the day of the Sheriff Sale. Your time frame will be given to you on the notice taped to your door. In **most cases** you are allowed **six months** for this period of time.

During this time the **only way for you to retain possession** of the home after the Redemption Period is to **re-purchase the home**. However, this can be a difficult endeavor with a foreclosure on your credit report.

You **may also sell the home** during this Redemption Period. This will allow you to retain any equity that you may have in the home. You must be in contact with the attorneys to obtain the updated debt owed on the home, as this will change throughout the Redemption Period.

Options to Prevent Foreclosure **(When Housing is No Longer Affordable)**

***Different options are available when there is not enough income in the household to support the mortgage and all other bills. These options assist with preventing the foreclosure, but do not mean keeping the home.

Short Sale: The mortgage company allows the homeowner to sell the home for less than what is owed. This option can be utilized before the Sheriff Sale. Prior arrangements need to be made with the mortgage company before the official sale of the home.

Deed-In-Lieu: The mortgage company allows you to give back the deed to the home in exchange for a “forgiveness” of the debt. This must be done before a Sheriff Sale. The mortgage company may require you to have the home listed on the market for a period of time before considering this option.

Sale of Home: List the home for sale. This can be done before or after the Sheriff Sale. However to prevent the foreclosure from going on your record the sale must be complete before the Sheriff Sale date.

***During this time the best thing for you to do is to **stay in contact** with the mortgage company. This is important to prevent the foreclosure on your home, if at all possible. Unfortunately it may not mean keeping your home, but will allow you to “spare” your credit, so that you may purchase a home in the future.

***You have up until the date of a Sheriff Sale to “work out” arrangements with your mortgage company, so if you can re-establish sufficient income before that date then options that involve keeping your home become available to you. If this does occur, you should contact them immediately, so that your situation can be reassessed.

Options for Saving Your Home (Loss Mitigation)

What is Loss Mitigation?

Loss Mitigation is the term used by mortgage companies to describe their programs and department that can assist borrowers in bringing their mortgages current.

- The number one requirement of Loss Mitigation is affordability of the mortgage. To be able to assist you the mortgage company **must see** a budget that demonstrates to them that the income coming into the home is sufficient to support all of the household bills.
- When speaking to your mortgage company, ask to speak with their Loss Mitigation department which is sometimes called the Loan Counseling department. These are the people who are going to be able to assist you with becoming current.
- Other Requirements:
 1. **Find out what Type of Loan** you have such as FHA, Fannie Mae, Freddie Mac and VA. When you contact your mortgage company ask them **who the investor** is on your loan, or if you have mortgage insurance.
 2. You must contact your mortgage company and request a Loss Mitigation package for your loan.

Loss Mitigation Options You *May* Have:

- Repayment Plan: This is where the mortgage company can take the amount that you are delinquent and add it on to your regular payment spread out usually over 3 – 12 months (some mortgage companies will allow longer).
- Loan Modification: This is where the mortgage company adds the amount that you are delinquent to the principle balance of your loan. If they think it is necessary they may consider extending your terms back out to 30 years and/or adjusting your interest rate.
- Partial Claim: (FHA loans or those with PMI insurance only) this is where the insurer of your mortgage gives you a loan for the amount that you are delinquent. This is a non-interest loan that does not need repayment until sale of the home or pay off of the first mortgage.