

OPTIONS IN FORECLOSURE

I. WHERE ARE YOU IN THE FORECLOSURE TIMELINE?

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When facing foreclosure, you can keep the house, sell the house, or allow the foreclosure to proceed. The option available to you depends on where you are in the foreclosure timeline and if you have recovered from your financial crisis.

CIRCLE WHERE YOU ARE IN THE FORECLOSURE TIMELINE

1. If your mortgage is due on the first you are delinquent on the second.
2. The first notice of delinquency is mailed on the 16th of the month. You are charged a late fee.
3. If you do not pay by the 30th, the loan is in default; you are sent a second notice.
4. When a loan is 60 days past due, your lender speeds up the loan and warns you that foreclosure is the next step.
5. After 90 days past due, foreclosure begins. In Michigan, the most common foreclosure is by advertisement.
6. The attorney for your lender advertises the property for sale in a newspaper four weeks in a row. The sheriff's sale is generally held on the 5th week.
7. A sheriff's sale is held on the published date. A deputy conducts the auction and the highest bidder wins the property (usually the lender). If the sale is adjourned (delayed), a notice is posted at the sale location and in the newspaper.
8. After the sale, the highest bidder gets a "sheriff's deed." It lists the last date the homeowner can redeem (take back) the property. This is usually six months to one year from the sheriff's sale date.
9. During the redemption period, you have three options, a. You can raise the necessary money to get the property back by getting a new mortgage, b. You can sell the property, or c. You can live in it for free until the end date of the redemption period.
 - a. In order to get the property back, you must pay off the mortgage, interest and late fees, court costs, attorney fees, title and appraisal fees, taxes and insurance.
 - b. In order to sell the property, you must sell the property at a price that will allow you to pay everything listed above, or, in the case of a Short Sale, get permission from your lender to sell the property for less than you owe.
 - c. In order to live in the home until the end of the redemption period (usually six months), you must pay the utilities and maintain the property as your principal residence until the end date—at which point you must leave the property.

Source: Michigan State Housing Development Authority, *Housing Counselors Training Manual*