

Section VII: OPTIONS AFTER THE SHERIFF'S SALE

The Sheriff's sale is held weekly on the county court steps and is open to the public providing an opportunity to the community to purchase your home for the highest bid. Most homeowners picture hundreds of hungry bidders looking for a good deal on a house. This is rarely the case. In fact, the majority of the time, the mortgage is purchased by the original lender and rarely to an independent buyer. At the time of the auction sale, a Sheriff's deed is issued and your redemption period begins.

It is your right as a homeowner to live in the home without paying rent or mortgage payments for the FULL redemption period. In the state of Michigan, homeowners are protected by a six months right of redemption, and, in some cases, up to a year. This is a period of time to gather resources and "redeem" ownership of the property. It is important to maintain the utilities and property as if you owned it. Shovel the snow and cut the grass to clearly establish that you still live in the home. If the holder of the Sheriff's deed can establish in court that the home has been abandoned, they can ask the court to SHORTEN the redemption period to as little as 30 days. If you receive a letter regarding issues of abandonment, call the court immediately.

It is your right as a homeowner to stay in the home until you are evicted by court order. Even on the outside chance that your home is purchased by an independent buyer, **it is your right** to live in the home for the full six months right of redemption. Do not let anyone pressure you into moving out. Contact an attorney if you are feeling harassed or pressured to move. At the end of your redemption period, you will be served with eviction papers. The final eviction order will be served by the county Sheriff's office. If you choose to challenge the eviction, you can go to court and plead your case before a judge.

Caution: It is important to note that while it is your right to wait until an eviction is served before you vacate the premises, being evicted is a matter of public record and will be recorded on your credit report. A foreclosure on your credit report will be challenging; an eviction on your credit report will make it nearly impossible to rent housing moving forward! We suggest transitioning from the foreclosed property gracefully, leaving all of the fixtures and structures sound and in place. The better the condition your property is in when you leave, the more likely the lender can sell it for a good price, thereby, reducing the amount that you might owe to the lender after the home closes. Think your decision all the way through.

It is your right as a homeowner to know what the redemption price is. At one time, the amount required to redeem the property was always more than what the homeowner owed on the mortgage when it first went into default four to six months before the auction. Legal fees, interest, late fees, and court costs are added to the balance of the mortgage. In recent days, the redemption price has been the same amount that the lender purchased the property for during the auction. While this is confusing, one thing is for sure - throughout the redemption period, per diem (daily) interest can be tacked onto the mortgage increasing the redemption amount by the end of the six months right of redemption period. The following Michigan law outlines how the records are kept:

Effective March 30, 2005 pursuant to HB 929 and HB 931 of 2004:

HB 929 of 2004, Section (3). The Register of Deeds **shall not determine** the amount necessary for redemption. The purchaser (at auction) shall attach an affidavit with the deed to be recorded under this section that states the exact amount required to redeem the property, including any daily per diem amounts, and the date by which the property must be redeemed shall be stated on the certificate of auctioneer. The purchaser may include in the affidavit the name of a designee responsible on behalf of the purchaser to assist the person redeeming the property in computing the exact amount required to redeem the property. The designee may charge a fee as stated in the affidavit and may be authorized by the purchaser to receive redemption funds. The purchaser shall accept the amount computed by the designee.

To determine who is acting on behalf of the holder of the Sheriff's deed, call your county Registrar of Deeds office for a copy of the record.

It is your right as a homeowner to refinance your home with another lender. The challenge is that your credit score and credit history take a hit during the foreclosure process and qualifying for a mortgage can be very challenging. If you have a family member who is willing to finance the mortgage on your behalf, you might be able to work out a short payoff (less than the redemption price) to redeem the property.

It is your right as a homeowner to try and sell the home during the redemption period. If you can sell it for more than the redemption price owed, you keep the equity! Be sure to interview the realtor before you list the property to be sure they have experience working with foreclosed properties.