

FAQS FOR HOMEOWNERS AND HOUSING COUNSELORS:

WHAT ARE MY RIGHTS DURING THE REDEMPTION PERIOD?

What is the redemption period?

After a property is sold at a sheriff's sale (foreclosure sale), there is a redemption period. For most properties it is a six month period; for some properties, where more than two thirds of the loan has been paid or if the property is used for agricultural purposes, it is a year. If the property has been declared abandoned, the redemption period can be substantially shortened to one month.

What happens to the property during the redemption period?

During the redemption period you still have rights to the property. You can continue to live in the property and are not required to make any mortgage payments. You also have the right to sell the property to another person or buy back the property and keep it.

If I want to buy back the property, what is the purchase price?

At the sheriff's sale, the purchaser paid a certain amount of money to purchase the property. Often the purchaser will be your mortgage company although it could also be another third party. The amount necessary for you to buy back, or redeem, your property is the amount the purchaser paid, plus some allowable costs and a daily interest rate based upon your mortgage loan interest rate. You can learn the sale price for your property by obtaining a copy of the sheriff's deed from the Register of Deeds in the county where the property is located.

What if the purchase price at the sheriff's sale is less than the amount of my loan?

It is possible that the sheriff's sale purchaser, even if it was your mortgage company, paid less than the amount due on your loan. If you want to redeem, or buy back, your property you do not have to pay the whole loan amount; you only have to pay the purchase price from the sheriff's sale even if it is substantially less than your loan amount.

Regardless of whether you redeem the property or not, if the purchase price from the sheriff's sale is less than the amount owing on your loan then you may be responsible for the difference, called a deficiency. The amount of the deficiency is set by the sheriff's sale purchase price, not what the purchaser sells it for later. The mortgage company (or another company to whom they sell the debt) can try to collect on this deficiency. If a company attempts to collect the deficiency, you should see legal counsel regarding your rights and obligations.

What if I don't buy back the property and I'm still there at the end of the redemption period?

If you do not buy back the property or sell the property to someone else, then the sheriff's sale purchaser can file a court action to evict you from the property. They may also offer you "cash for keys," which is where they pay you a small amount of cash if you agree to move out of the property by a specific date without a court order and leave the property in an acceptable condition. If you are a tenant, you have additional rights under federal law.

The purchaser should not simply change the locks or evict you without a court order. If this happens you should contact an attorney immediately for assistance.

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